

REDEVELOPMENT
DISPOSITION AND DEVELOPMENT AGREEMENT
(B-Z Enterprises)

1. PARTIES AND DATE.

1.1 THIS AGREEMENT is entered into as of the 16th day of June, 1987, by and between the REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS (the "Agency") and B-Z ENTERPRISES, a general partnership (collectively the "Redeveloper").

2. RECITALS.

2.1 The City Council of the City of Redlands (the "City") has established the Agency and has approved and adopted a Redevelopment Plan (the "Redevelopment Plan") for a redevelopment project known as the Redlands Redevelopment Project (the "Project" or "Project Area") by its adoption of Ordinance No. 1500 on September 26, 1972, pursuant to the provisions of Sections 33000, et seq. of the California Health & Safety Code (the "California Community Redevelopment Law").

2.2 Agency is undertaking a program under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.) for the redevelopment, replanning and redesign of blighted areas within the Project with stagnant, improperly utilized and unproductive land which requires redevelopment in the interest of health, safety, morals and general welfare of the people of the City.

2.3 Agency is desirous of carrying out the Redevelopment Plan for the Project by providing for the disposition and development of a commercial building to be used for office, commercial and light industrial purposes, parking and related improvements on certain real property within the Project Area (hereinafter referred to as the "Site"). The Agency has determined that the development of the Site for such commercial related purposes by the Redeveloper, Agency or others pursuant to the terms and conditions of this Agreement is in the best interests of the taxpayers and residents of the City and will otherwise promote the public health, safety, morals and general welfare of City residents and is in accordance with federal, state and local laws and regulations.

3. TERMS OF AGREEMENT.

3.1 Public Purpose of This Agreement. The purpose of this Agreement is to implement the Redevelopment Plan for the Project by providing for the disposition and development of the Site as a commercial building and related improvements, all of which are to be included within the boundaries of the Project Area.

The development of the Site as a commercial building pursuant to this Agreement is in the best interests of the City and the health, safety, morals and welfare of its taxpayers and residents and in accordance with the public purposes of federal, state and local laws and regulations. Implementation of this Agreement will further the goals and objectives of the Redevelopment Plan and City's General Plan by strengthening the City's commercial uses and providing a catalyst for additional private investment in the Project Area and increased public use of and access to additional commercial facilities.

3.2 Redlands Redevelopment Plan. This Agreement is subject to the provisions of the Redevelopment Plan which was approved and adopted by the City Council of the City of Redlands on September 26, 1972, by Ordinance No. 1500, and amended by Ordinance No. 1575 on February 17, 1976. The Redevelopment Plan, as it now exists and as it may be subsequently amended pursuant to Section 9.3 hereof, is incorporated herein and made a part hereof by reference.

Any amendment hereafter to the Redevelopment Plan (as so approved and adopted) which changes the use or development permitted on the Site as proposed in this Agreement, or otherwise changes the restrictions or controls that apply to the Site or otherwise affect the Redeveloper's obligations or rights with respect to the Site, shall require the written consent of the Redeveloper. Amendments to the Plan applying to other property in the Downtown Redevelopment Project area shall not require the consent of the Redeveloper.

3.3 The Redevelopment Project Area. The Redevelopment Project Area is located in a downtown portion of the City of Redlands, California, and the Project's boundaries are specifically described in the Redevelopment Plan of the City for the Project Area.

3.4 The Site. The Site includes that portion of the Project Area commonly known as 327 and 401 E. Stuart Avenue, Redlands, California. The Site is shown on the Site map, attached and incorporated herein as Exhibit "A", and is more particularly described in the legal description, attached and incorporated herein as Exhibit "B". The Site is comprised of two (2) parcels intersected by a dedicated alley-way which separates the two (2) parcels. The two (2) parcels are owned by the Agency and the alley-way is to be vacated. Subject to the terms of this Agreement and upon vacation of the alley-way by the City of Redlands, the Site is to be transferred by the Agency to the Redeveloper for development by the Redeveloper pursuant to the terms of this Agreement.

3.5 Parties to This Agreement.

3.5.1 The Agency. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.

The offices of the Agency are located at Redlands Plaza, Suite 202, Redlands, California 92373, Attention: Executive Director.

"Agency," as used in this Agreement, includes the Redlands Redevelopment Agency of the City of Redlands and any assignee of or successor to its rights, powers and responsibilities.

3.5.2 The Redeveloper. B-Z Enterprises, a general partnership, collectively are the Redeveloper. The principal office of the Redeveloper for purposes of this Agreement is: 1615 West Fern Avenue, Redlands, California 92373.

Notwithstanding any other provisions hereof, all of the terms, covenants and conditions of this Agreement shall be binding on and shall inure to the benefit of the Redeveloper and the permitted successors and assigns of the Redeveloper according to their terms and application.

Wherever the term "Redeveloper" is used herein, such term shall include any permitted nominee, assignee or successor-in-interest as herein provided.

The qualifications and identity of the Redeveloper are of particular concern to the City and the Agency, and it is because of such qualifications and identity that the Agency has entered into this Agreement with the Redeveloper. No voluntary or involuntary successor-in-interest of the Redeveloper shall acquire any rights or powers under this Agreement except as expressly set forth herein. Except as otherwise expressly set forth herein, the Redeveloper shall not assign all or any part of this Agreement without the prior written approval of the Agency.

4. DISPOSITION OF THE SITE.

4.1 Vacation and Reversion Acreage. Within the time set forth in the Schedule of Performance (Exhibit "C"), the Agency shall use its best efforts to cause the City to formally abandon and vacate the dedicated alley-way on the Site, and shall process and complete a reversion to Acreage or other appropriate subdivision of the Site making the Site a single, legal parcel. The Redeveloper shall cooperate with the Agency and shall sign all applications, maps or other appropriate documentation necessary to vacate the alley-way and to subdivide the Site as set forth herein. The Agency shall reimburse the Redeveloper

through escrow for fees and application costs incurred by the Redeveloper in connection with processing the vacation and reversion to acreage. In addition, in the event that this Agreement is terminated and the Site is not transferred to the Redeveloper as required herein, due to no fault of the Redeveloper, the Agency shall reimburse the Redeveloper for all fees and applications costs paid by the Redeveloper to the City in connection with the processing of the vacation of the alleyway and the reversion to acreage as herein described.

4.2 Sale of the Site. In accordance with and subject to all the terms, covenants and conditions of this Agreement, the Agency agrees to sell the Site to the Redeveloper (in the names of B-Z Enterprises, a general partnership, or its approved assignee under Section 5.16 hereof) within the time established in the Schedule of Performance, attached hereto as Exhibit "C", and the Redeveloper agrees to purchase the Site from the Agency. The purchase price to be paid by the Redeveloper to the Agency for the Site shall be the approximate sum of Sixty Thousand Five Hundred Thirteen Dollars and Fifty Cents (\$60,513.50). The actual purchase price shall be adjusted prior to the close of escrow, as provided in Section 4.8 of this Agreement, to reflect the actual square footage of the Site, as determined by the Agency and the Redeveloper, in an amount equal to \$3.70 per square foot. The exact square footage amount shall be provided to the escrow described in Section 4.3 below in the form of a document acknowledged by the Agency and the Redeveloper, with the certification of a licensed land surveyor or registered civil engineer to be attached. The Redeveloper shall pay the purchase price for the Site to the Agency as follows: Redeveloper shall deposit in the escrow described in Section 4.3 of this Agreement as a down payment to be held in escrow the cash sum of Two Thousand Five Hundred Dollars (\$2,500.00). Prior to close of escrow, the Redeveloper shall deposit an additional cash sum in an amount equal to the difference between the down payment and twenty-five percent (25%) of the actual purchase price of the Site. The balance of the purchase shall be paid in the form of a Promissory Note (the "Note") in favor of the Agency in the estimated amount of Forty-Five Thousand Three Hundred Eighty-Three Dollars and Fifty-Cents (\$45,383.50) and conditions of the Note shall be substantially the same form as that attached hereto as Exhibit "G". The Note shall be secured by a Deed of Trust (the "Trust Deed") in substantially the same form as that attached hereto as Exhibit "H". The Note shall be delivered to the Agency at close of escrow and the Deed of Trust shall be recorded against the Site at close of escrow.

Additional consideration for the above described sale by the Agency to the Redeveloper shall be the undertakings of the Redeveloper under this Agreement, including the redevelopment, operation and maintenance of a commercial building and appurtenant parking facilities to be developed on the Site in accordance with this Agreement. The Agency has found and

determined that the value of such consideration equals or exceeds the fair value of the interests being conveyed in the Site.

4.3 Escrow. The Agency agrees to open an escrow for the conveyance of the Site with Redlands Escrow Incorporated, or any other escrow company approved by the Agency and the Redeveloper, as escrow agent (the "Escrow Agent"), within the time established in the Schedule of Performance (Exhibit C). This Agreement constitutes the joint escrow instructions of the Agency and the Redeveloper, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of escrow. The Agency and the Redeveloper shall provide such additional escrow instructions as shall be necessary and consistent with this Agreement. The Escrow Agent is authorized to act under this Agreement, and upon indicating its acceptance of the provisions of this Section 4.3 in writing, delivered to the Agency and to the Redeveloper within five (5) days after the opening of escrow, shall carry out its duties as Escrow Agent hereunder.

The Redeveloper shall deposit into the escrow to the Escrow Agent at the opening of escrow the cash down payment and thereafter shall deposit the Note secured by Trust Deed required for the Purchase Price described in Section 4.2 of this Agreement, and shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Redeveloper of the amount of such fees, charges and costs, but not later than three (3) days and not earlier than ten (10) days prior to the scheduled date for the close of escrow:

1. The premiums for the title insurance policies or special endorsements to be paid by the Redeveloper as set forth in Section 4.9 of this Agreement; and

2. Any state, county or City documentary or transfer tax.

The Agency shall timely and properly execute, acknowledge and deliver a deed conveying to Redeveloper title to the Site in accordance with the requirements of Section 4.5 of this Agreement.

The Agency shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified the Agency of the amount of such fees, charges and costs, but not earlier than ten (10) days prior to the scheduled date for the close of escrow:

1. Except as otherwise provided herein, costs necessary to place the title to the Site in the condition for conveyance required by the provisions of this Agreement;

2. The escrow fee;

3. Recording fees;

4. Notary fees;

5. Ad valorem taxes, if any, upon the Site for any time prior to conveyance of title; and

6. The portion of the premium for the title insurance policy to be paid by the Agency as set forth in Section 4.9 of this Agreement.

Upon delivery of a deed to the Escrow Agent by the Agency pursuant to Section 4.7 of this Agreement, the Escrow Agent shall record such deed when title to the Site can be vested in the Redeveloper in accordance with the terms and provisions of this Agreement. The Escrow Agent shall buy, affix and cancel any transfer stamps required by law, and pay any transfer tax required by law. Any insurance policies governing the Site are not to be transferred.

The Escrow Agent is authorized to:

1. Pay and charge the Agency and the Redeveloper, respectively, for any fees, charges and costs payable under this Section 4.3 of this Agreement. Before such payments are made, the Escrow Agent shall notify the Agency and the Redeveloper of the fees, charges and costs necessary to clear title and close the escrow;

2. Disburse funds and deliver the deed, Promissory Note and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by the Agency and the Redeveloper. Such funds and documents shall not be disbursed and delivered by the Escrow Agent unless and until it has recorded the grant deed to the Site and has delivered to the Redeveloper a title insurance policy insuring title and conforming to the requirements of Section 4.9 of this Agreement; and

3. Record any instruments delivered through this escrow, if necessary or proper, to vest title in the Redeveloper in accordance with the terms and provisions of this Agreement.

All funds received in this escrow shall be deposited by the Escrow Agent with other escrow funds of the Escrow Agent in a general escrow account or accounts with any state or national bank doing business in the State of California. Such funds may be transferred to any other such general escrow account or accounts. All disbursements shall be made on the basis of a 30-day month.

If this escrow is not in condition to close before the time for conveyance established in Section 4.4 of this Agreement, either party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, terminate this Agreement in the manner set forth in Section 7.3.1 or 7.3.2 hereof, as the case may be, and demand the return of its money, papers or documents. Thereupon all obligations and liabilities of the parties under this Agreement shall cease and terminate in the manner set forth in Section 7.3.1 or 7.3.2 hereof, as the case may be. If neither the Agency nor the Redeveloper shall have fully performed the acts to be performed before the time for conveyance established in Section 4.3, no termination or demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party or parties at the address of its or their principal place or places of business. If any objections are raised within the ten-day period, the Escrow Agent is authorized to hold all money, papers and documents with respect to the Site until instructed in writing by both the Agency and the Redeveloper or upon failure thereof by a court of competent jurisdiction. If no such demands are made, the escrow shall be closed as soon as possible. Nothing in this Section 4.3 shall be construed to impair or affect the rights or obligations of the Agency or the Redeveloper to specific performance.

Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Redeveloper. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from the Escrow Agent to the Agency or the Redeveloper shall be directed to the addressees and in the manner established in Section 8.1 of this Agreement for notices, demands and communications between the Agency and the Redeveloper.

The liability of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under Sections 4.3 to 4.9, both inclusive, of this Agreement.

Neither the Agency nor the Redeveloper shall be liable for any real estate commissions or brokerage fees which may arise herefrom.

4.4 Conveyance of Title and Delivery of Possession. Subject to any mutually agreed upon extensions of time conveyance to the Redeveloper of title to the Site (in the condition provided in Section 4.6 of this Agreement) shall be completed on or prior to the date specified in the Schedule of Performance (Exhibit C). The Agency and the Redeveloper agree to perform all acts necessary to convey title in sufficient time for title to be conveyed in accordance with the foregoing provisions.

Possession of the Site shall be delivered to the Redeveloper concurrently with the conveyance of title, except that limited access may be permitted before conveyance of title as permitted in Sections 4.14 and 4.15 of this Agreement.

The Redeveloper shall accept title and possession on or before the date established therefor in this Section 4.4.

4.5 Form of Deed. The Agency shall convey title to the Site to the Redeveloper in the condition provided in Section 4.6 of this Agreement by Grant Deed to the Redeveloper in a form to be mutually approved by the parties, satisfactory to the title insurance company which will insure the title thereto, consistent with the terms of this Agreement, and substantially in the form set forth as Exhibit "F" attached and incorporated herein.

4.6 Condition of Title. The Agency shall convey to the Redeveloper fee simple merchantable title to the Site free and clear of all recorded liens, encumbrances, covenants, assessments, easements, leases and taxes, except as are set forth in the "Approved Title Exceptions," to be mutually approved by the parties prior to the conveyance of the Site to the Redeveloper and attached and incorporated herein as Exhibit "F". The Agency shall provide the Redeveloper with a preliminary title report for the Site including copies of the documents evidencing the exceptions to the title referenced in such preliminary title report, not later than fifteen (15) days prior to the time set forth in the Schedule of Performance (Exhibit C) for conveyance of the Site. The Redeveloper shall review the title report and make any responses thereto within five (5) days after the receipt of such preliminary title report. If the Redeveloper does not respond within said period any title exceptions shall be deemed acceptable to the Redeveloper.

4.7 Time For and Place of Delivery of Deed. Subject to any mutually agreed upon extension of time, the Agency shall deposit the Grant Deed for the Site with the Escrow Agent on or before the date established for the conveyance of the Site in the Schedule of Performance (Exhibit C).

4.8 Close of Escrow and Recordation of Grant Deed. The Escrow Agent shall notify the Redeveloper in writing that the Grant Deed, properly executed and acknowledged by the Agency, has been delivered to the Escrow Agent and that title is in the condition to be conveyed in conformity with the provisions of Section 4.6 of this Agreement. The Redeveloper shall thereafter immediately deposit the Note and Deed of Trust for the Site with the Escrow Agent. Upon the close of escrow, the Escrow Agent shall file the Grant Deed for recordation among the land records in the Office of the County Recorder for San Bernardino County shall deliver to the Redeveloper a title insurance policy insuring title in conformity with Section 4.9 of this Agreement and to the Agency a title insurance policy insuring the priority of the Agency's lien in conformity with Section 4.9 of this

Agreement and thereafter shall deliver the Purchase Price to the Agency.

4.9 Title Insurance. Concurrently with recordation of the Grant Deed, First American Title Insurance Company, or some other title insurance company satisfactory to the Agency and the Redeveloper (the "Title Company"), shall provide and deliver to the Redeveloper a title insurance policy issued by the Title Company insuring that title is vested in the Redeveloper in the condition required by Section 4.6 of this Agreement. The Title Company shall provide the Agency with a copy of the title insurance policy, and the title insurance policy shall be in an amount equal to the Purchase Price of the Site or in such greater amount as the Redeveloper may specify as hereinafter provided.

Concurrently with the recording the Grant Deed conveying title to the Site, the Title Company shall, if requested by the Redeveloper, provide the Redeveloper with an endorsement to insure the amount of the Redeveloper's estimated development costs of the improvements to be constructed upon the Site.

The Agency shall pay only for that portion of title insurance premiums attributable to a C.L.T.A. joint protection standard policy of title insurance for the Site in the amount of the Purchase Price. The Redeveloper, if it desires any additional title insurance shall pay for all additional premiums and for any extended coverage or special endorsements.

4.10 Taxes and Assessments. Ad valorem taxes and assessments, if any, on the Site, and taxes upon this Agreement or any rights hereunder, levied, assessed or imposed for any period commencing prior to conveyance of title shall be borne by the Agency. All ad valorem taxes and assessments levied or imposed for any period commencing after the close of escrow shall be paid by the Redeveloper.

4.11 Conveyance Free of Possession. Except as may be otherwise provided in the "Scope of Development" attached hereto as Exhibit "D" and incorporated herein by reference, the Site shall be conveyed free of any possession or right of possession by any person except that of the Redeveloper and the easements of record as shown on the Approved Title Exceptions (Exhibit "F").

4.12 Zoning of the Site. The Agency (at its sole cost and expense) shall insure that the zoning for the Site is such as to permit the development, construction, use, operation and maintenance of the improvements specified in the Scope of Development (Exhibit "D") and this Agreement to be developed and constructed thereon.

4.13 CEQA Requirements. Any necessary environmental assessments shall be prepared by the Agency (at its sole cost and expense) for the reversion to acreage or similar subdivision and the alley-way vacation to be undertaken pursuant to this Agreement, in compliance with the requirements of the California

Environmental Quality Act, as amended (California Public Resources Code, Section 2100 et seq.; hereinafter referred to as "CEQA") and all applicable state regulations and local ordinances and regulations enacted pursuant thereto. The Agency shall reimburse the Redeveloper for any and all costs incurred by Redeveloper as a result of Redeveloper's compliance with CEQA requirements relating to the vacation of the alley-way and the reversion to acreage described in Section 4.1 of this Agreement.

4.14 Condition of the Site. Except as may be otherwise specifically provided in the Scope of Development (Exhibit D), the Site shall be conveyed from the Agency to the Redeveloper in an "as is" condition, with no warranty, express or implied, by the Agency as to the condition of the soil, its geology, or the presence of known or unknown faults. Notwithstanding the foregoing, the Agency shall be responsible for removing and disposing of any hazardous waste materials discovered on the Site at any time prior to the Agency's issuance of a Certificate of Completion for the Site. Thereafter the Redeveloper shall be solely responsible for the removal, disposition and handling of any hazardous waste material located or discovered on the Site within a reasonable period of time. The Agency shall not be responsible for performing any tests, or otherwise inspecting the Site to determine the existence of hazardous waste materials. The Redeveloper shall have access to all data and information on the Site available to the Agency, but without warranty or representation by the Agency as to the completeness, correctness or validity of such data and information. The Agency shall not be responsible for any items of site work except those which are listed in the Scope of Development as the Agency's responsibilities, if any. It shall be the sole responsibility of the Redeveloper, at its expense, to investigate and determine the soil conditions of the Site for the development to be constructed thereon. If the soil conditions are not in all respects entirely suitable for the use or uses to which the Site will be put, then it is the sole responsibility and obligation of the Redeveloper, except as otherwise provided in this Agreement, to take such action as may be necessary to place the soil conditions of the Site in a condition entirely suitable for its development. Notwithstanding the foregoing, if, prior to the conveyance of title to the Site by the Agency to the Redeveloper, the Redeveloper determines that the soil conditions are not in all respects suitable for the use or uses to which the Site will be put, the Redeveloper shall have the option to terminate this Agreement in the manner set forth in Section 7.3.1 and demand the termination of escrow and the return of any money, papers or documents deposited therein.

4.15 Preliminary Work by the Redeveloper. Prior to the conveyance of title, the Agency shall use its best efforts to provide the Redeveloper or its representatives with the right of access to the Site at all reasonable times for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement. The Agency shall provide the right of access

at all reasonable times to the Redeveloper to each portion of the Site to which the Agency has possession for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement. Until such time as the Agency has conveyed the Site or any portion thereof, the Redeveloper agrees to and shall indemnify and hold the Agency and the City harmless from and against all liability, loss, damage, costs or expenses (including reasonable attorney's fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on the Site which shall be directly or indirectly caused by any acts done thereon or any errors or omissions of the Redeveloper or its agents, servants, employees or contractors. The Redeveloper shall not be Responsible for (and such indemnity shall not apply to) any acts, errors or omissions of the Agency or the City, or their respective agents, servants, employees or contractors. The Agency and City shall not be Responsible for any acts, errors or omissions of any person or entity except the Agency and the City and their respective agents, servants, employees or contractors.

The obligations set forth in this Section shall remain in effect until the final Certificate of Completion has been issued by the Agency pursuant to Section 5.20 hereof.

5. REDEVELOPMENT OF THE SITE.

5.1 Scope of Development. The Site shall be redeveloped by the Redeveloper as provided in the Scope of Development (Exhibit "D"), the grant deed to the Site, and plans and drawings approved by the Agency pursuant to this Agreement.

5.2 Basic Concept and Schematic Drawings. Within the time set forth in the Schedule of Performance (Exhibit C) the Redeveloper shall prepare and submit to the Agency and the City for Agency approval, preliminary development plans and schematic drawings and related documents containing the overall plan for development of the Site. The Redeveloper and the Agency staff after approval by the Agency shall initial and date each page of the various drawings and documents. The Site shall be developed as established in the approved preliminary development plans and schematic drawings and related documents, except for such changes which may be mutually agreed upon between the Redeveloper and the Agency. Any such changes shall be within the limitations established in the Scope of Development (Exhibit D). The preliminary development plans and schematic drawings shall include a site plan, and elevations, a rendering showing the exterior design of the strip center building(s), architectural style and appearance of the overall development.

5.3 Grading and Landscaping Plans. Redeveloper shall prepare and submit to the Agency for its approval, preliminary and final grading and landscaping plans for the Site. These plans shall be prepared, submitted and approved within the times

respectively established therefor in the schedule of Performance (Exhibit C). The grading plans shall be prepared by a registered civil engineer and the landscaping plans shall be prepared by an experienced landscape architect, either or both of which may be the same firm as the Redeveloper's architect.

5.4 Construction Drawings and Related Documents. The Redeveloper shall prepare and submit construction drawings and related documents for the development of the Site to the Agency for review (including, but not limited to, architectural review) and written approval as and at the times established in the Schedule of Performance (Exhibit C). The construction drawings and related documents shall be submitted in two stages: preliminary and final working drawings, plans and specifications. Final drawings, plans, and specifications are hereby defined as those in sufficient detail to obtain a building permit. Any items so submitted and approved in writing by the Agency shall not be subject to subsequent disapproval by the Agency. Agency approval shall not be unreasonably withheld.

During the preparation of all drawings and plans, the Agency staff and the Redeveloper shall hold regular progress meetings to coordinate the preparation of, submission to, and review of construction plans and related documents by the Agency. The Agency staff and the Redeveloper shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Agency can receive prompt and speedy consideration.

If any revisions or corrections of plans approved by the Agency shall be required by a government official, agency, department or bureau having jurisdiction over the development of the Site, the Redeveloper and the Agency shall cooperate in efforts to obtain a waiver of such requirements or to develop a mutually acceptable alternative.

5.5 Agency Approval of Plans, Drawings and Related Documents. As referred to in Section 5.5 of this Agreement, the Agency shall have the right of review (including, but not limited to, architectural review) of all plans, drawings and related documents for the development of the Site, including any proposed changes therein. The Agency shall approve or disapprove such plans, drawings, and related documents referred to in Sections 5.2, 5.3 and 5.4 of this Agreement (and any proposed changes therein) within the times established in the Schedule of Performance (Exhibit C). The Agency's review is intended to insure that the plans, drawings and related documents are consistent with the Scope of Development (Exhibit D) and with the preliminary development plans and schematic drawings once they are submitted and approved by the Agency. Any disapproval shall state in writing the reasons for disapproval. The Redeveloper, upon receipt of a disapproval shall revise such disapproved portions and shall resubmit such revised portions to the Agency as soon as possible after receipt of the notice of disapproval.

Prior to the commencement of construction on the Site, the Redeveloper shall furnish or cause to be furnished to the Agency duplicate originals or appropriate certificates of (i) course of construction insurance in customary amounts, (ii) fire and casualty insurance (with a standard extended coverage endorsement) to the extent of the full replacement value of all buildings and other improvements now or hereafter constructed on the Site, and naming the Agency as an additional insured to the extent of its security interest in the Site, and (iii) bodily injury and property damage insurance policies in the amount of at least One Million Dollars (\$1,000,000) for any person, One Million Dollars (\$1,000,000) for any occurrence, and One Million Dollars (\$1,000,000) property damage, naming the Agency and the City as additional or coinsureds. The Redeveloper shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on the Site carries workers' compensation insurance as required by law. The obligations set forth in this Section with respect to course of construction and liability insurance shall remain in effect only until a final Certificate of Completion has been issued by the Agency pursuant to Section 5.22 hereof. The obligation set forth herein with respect to fire and casualty insurance shall remain in effect for so long as the Agency has a security interest in the Site. All policies shall provide that they shall not be cancelled or reduced in coverages or amounts without giving the Agency at least thirty (30) days prior written notice, and that no such reduction or cancellation shall become effective until at least twenty (20) days after receipt by the Agency of the written notice thereof.

5.9 City and Other Governmental Agency Permits. Except as provided in Section 4.1, before commencement of construction or development of any buildings, structures or other work of improvement upon the Site, the Redeveloper shall at its own expense secure or cause to be secured any and all permits which may be required by the City or any other governmental agency affected by such construction, development or work. The Agency shall provide all proper assistance to the Redeveloper in securing these permits.

After conveyance of title to the Site, in the event any proposed change in the plans for the improvements to be developed and constructed on the Site would require additional or supplementary environmental assessments, the Agency agrees to take such steps as shall be necessary to prepare the same and to cause it to be considered and certified as required by CEQA and all applicable state regulations and local ordinances and regulations enacted pursuant thereto.

5.10 Antidiscrimination During Construction. The Redeveloper for itself and its successors and assigns agrees that in the construction of the improvements on the Site provided for in this Agreement, the Redeveloper will not discriminate against

The Agency shall approve or disapprove such revised portions in the same manner and within the same times as provided in this Section for approval or disapproval of plans, drawings, and related documents initially submitted to the Agency. No matter once approved shall be subsequently disapproved. The Agency's approval is not intended to affect or duplicate any City approvals required to be obtained by the Redeveloper in connection with the development of the site and each Parcel thereof.

5.6 Cost of Construction. The cost of developing the Site and constructing all improvements thereon shall be borne exclusively by the Redeveloper, except for those costs to be borne by the Agency or others as provided in this Agreement.

5.7 Construction and Development Schedule of Performance. After the conveyance of title to the Site, the Redeveloper shall begin and thereafter complete the construction and development of the improvements and the development of the Site consistent with the Scope of Development (Exhibit D). The Redeveloper shall begin and complete all construction and development within the times specified in the schedule of Performance (Exhibit C) or such reasonable extension of said dates as may be granted by the Agency. The Schedule of Performance may be subject to revision from time-to-time as mutually agreed upon in writing between the Redeveloper and the Agency.

5.8 Bodily Injury, Property Damage and Workers' Compensation Insurance. During the period commencing with any preliminary work by the Redeveloper on the Site and until such time as the Agency has issued a Certificate of Completion with respect to the construction of the improvements thereon, the Redeveloper agrees to and shall indemnify and hold the Agency, its officers, directors, agents, servants, employees and contractors and the City harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorney's fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on the Site and which shall be directly or indirectly caused by any acts done thereon or any errors or omissions of the Redeveloper or its officers, directors, agents, servants, employees or contractors. The Redeveloper shall not be Responsible for (and such indemnity shall not apply to) any acts, errors or omissions of the Agency or the City, or their respective officers, directors, agents, servants, employees or contractors. The Agency and City shall not be Responsible for any acts, errors or omissions of any person or entity except the Agency and the City and their respective officers, directors, agents, servants, employees or contractors.

any employee or applicant for employment because of sex, marital status, race, color, religion, creed, national origin, or ancestry, and that the Redeveloper will comply with all applicable local, state and federal fair employment laws and regulations.

5.11 Local, State and Federal Laws. The Redeveloper shall carry out the construction of the improvements on the Site in conformity with all applicable laws, including all applicable federal and state labor standards.

5.12 Rights of Access. For the purpose of assuring compliance with this Agreement, representatives of the Agency and the City shall have the reasonable right of access to the Site without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to the inspection of the work being performed in constructing the improvements. Such representatives of the Agency or the City shall be those who are so identified in writing by the Executive Director of the Agency.

5.13 Responsibilities of the Agency. The Agency, without expense to the Redeveloper or assessment or claim against the Site, shall perform all work specified in the Scope of Development (Exhibit D) for the Agency to perform within the times specified in the Schedule of Performance (Exhibit C).

5.14 Taxes, Assessments, Encumbrances and Liens. The Redeveloper shall pay when due all real property taxes and assessments assessed and levied on the Site subsequent to conveyance of title thereto. The Redeveloper shall not place and shall not allow to be placed on the Site any mortgage, trust deed, encumbrance or lien which is senior to the Agency's Deed of Trust, except as authorized by the subordination provisions of the Deed of Trust. The Redeveloper shall remove, or shall have removed, any levy or attachment made on the Site, or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder.

Nothing herein contained shall be deemed to prohibit the Redeveloper from contesting the validity or amounts of any tax, assessment, encumbrance or lien, nor to limit the remedies available to the Redeveloper in respect thereto.

5.15 Prohibition Against Transfer. Prior to the recordation of the Certificates of Completion (referred to in Section 5.22 of this Agreement) with respect to the Site, the Redeveloper shall not, except as permitted by this Section 5.15, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Site or the improvements thereon, without prior written approval of the Agency. This prohibition shall not apply subsequent to the recordation of such Certificate of Completion.

Notwithstanding any other provision of this Agreement to the contrary, the foregoing prohibition shall not apply to subparagraphs (a), (b) or (c) or to subparagraph (d) provided that the Redeveloper shall first notify the Agency in writing of its proposed action. The Agency shall approve or disapprove such proposed action in subparagraph (d) in accordance with Section 8.7 hereof and within fifteen (15) days from receipt of Redeveloper's written request therefor. Any disapproval shall state in writing the reasons for disapproval. The proposed actions to which the foregoing prohibition shall not apply are as follows:

- (a) The granting by Redeveloper of a security interest or interests in all or any portion of the Site for the purpose of financing the acquisition and development of the Site, as permitted by Section 5.16 hereof; or
- (b) The granting of easements or permits to facilitate the development of the Site or portion thereof; or
- (c) The leasing for occupancy of all or any portion of the improvements on the Site; or
- (d) Assignment or delegation of all or portions of the Redeveloper's rights or duties hereunder, or the sale, transfer or lease of all or part of the Site, or improvements thereon, to (i) a corporation in which the Redeveloper or the general partners of the Redeveloper own at least 80% of the stock; (ii) a general partnership in which the Redeveloper has at least a majority interest or a limited partnership in which the Redeveloper is a general partner, (iii) or to a family trust benefitting the families of the general partners of the Redeveloper.

In the absence of specific written agreement by the Agency, no such sale, transfer, conveyance or assignment of the Site, or approval thereof by the Agency, shall be deemed to relieve the Redeveloper or any other party from any obligations under this Agreement.

5.16 No Encumbrances Except Mortgages, Deeds of Trust, Sales and Lease-Backs or Other Financing for Development. Notwithstanding Section 5.15, mortgages, deeds of trust, sales and lease-backs or any other form of conveyance required for any reasonable method of financing are permitted before recordation of the Certificate of Completion, but only for the purpose of securing loans of funds to be used for financing the construction of improvements on the Site and any other expenditures necessary and appropriate to develop the Site under this Agreement. The Redeveloper shall notify the Agency in advance of any mortgage,

deed of trust, sale and lease-back or other form of conveyance for financing if the Redeveloper proposes to enter into the same before recordation of a Certificate of Completion.

The Redeveloper shall not enter into any such conveyance for financing without the prior written approval of the Agency, which approval the Agency agrees to give if any such conveyance for financing is given to a financial or lending institution or other person or entity acceptable to the Agency who will finance the development of the Site or portion thereof in a manner consistent with the terms of this Agreement and not restrict or impair the ability of the Redeveloper to carry out its obligations hereunder. Such lender shall be deemed approved unless rejected in writing by the Agency within ten (10) days after notice thereof is given to the Agency. In any event, the Redeveloper shall promptly notify the Agency of any mortgage, deed of trust, sale and lease-back or other financing conveyance, encumbrance or lien that has been created or attached thereto prior to recordation of a Certificate of Completion of construction of the improvements on the Site or such portion thereof, whether by voluntary act of the Redeveloper or otherwise.

The words "mortgage" and "deed of trust" as used herein include all other appropriate modes of financing real estate acquisition, construction and land development.

5.17 Holder Not Obligated to Construct or Complete Improvements. The holder of any mortgage, deed of trust or other security interest authorized by this Agreement shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion, nor shall any covenant or any provision in the deed for the Site be construed so to obligate such holder, except if the Redeveloper finances construction costs itself then it shall remain responsible for the construction of the improvements on the Site, as the case may be. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

5.18 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever the Agency shall deliver any notice or demand to the Redeveloper with respect to any breach or default by the Redeveloper in completion of construction of the improvements, the Agency shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage, deed of trust or other security interest and the lessor under a lease-back or grantee under any other conveyance for financing authorized by this Agreement who has previously made a written request to the Agency therefor. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option, within ninety (90) days

after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest or to the obligation of the lessee under any lease-back, or of the grantor under any other conveyance for financing. In the event there is more than one such holder, the right to cure or remedy a breach or default of the Redeveloper under this Section 5.18 shall be exercised by the holder first in priority or as the holders may otherwise agree among themselves, but there shall be only one exercise of such right to cure and remedy a breach or default of the Redeveloper under this Section 5.18. If such default shall be a default which can only be remedied or cured by such holder upon obtaining possession, such holder shall seek to obtain possession with diligence and continuity through a receiver or other wise, and shall remedy or cure such default within ninety (90) days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced within such 90 day period, such holder shall have such additional time as reasonably necessary to remedy or cure such default of the Redeveloper.

Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the improvements (beyond the extent necessary to preserve or protect the improvements or construction already made) without first having expressly assumed the Redeveloper's obligations to the Agency by written agreement satisfactory to the Agency. The holder in that event must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates, and if there is an material adverse change in the financial condition of the holder since the holder was approved by the Agency as the lender; then the Agency may require the holder to submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations. The Agency shall approve the holder if it can demonstrate that it has the financial ability to complete the improvements. Any such holder properly completing such improvements shall be entitled, upon written request made to the Agency, to a Certificate of Completion from the Agency.

5.19 Failure of Holder to Complete Improvements. In any case where six (6) months after default by the Redeveloper in completion of construction of improvements under this Agreement, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Site or such portion thereof, other than the Redeveloper has not exercised the option to construct, or if it has exercised the option and has not proceeded diligently with construction, the Agency may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the Site or such portion thereof has vested in the holder, the Agency, if it

so desires, shall be entitled to a conveyance from the holder to the Agency of the Site or such portion thereof upon payment to the holder of an amount equal to the sum of the following:

(a) The unpaid mortgage, deed of trust or other security interest debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure;

(c) The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or any part thereof;

(d) The costs of any improvements made by such holder; and

(e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency.

5.20 Right of Agency to Cure Mortgage, Deed of Trust or Other Security Interest Default. In the event of a default or breach by the Redeveloper of a mortgage, deed of trust or other security interest prior to the issuance by the Agency of a Certificate of Completion for the improvements on the Site or such portion thereof, and the holder of any such security interest has not exercised its option to complete the development, as provided in Section 5.19 of this Agreement, the Agency may cure the default prior to completion of any foreclosure. In such event, the Agency shall be entitled to reimbursement from the Redeveloper of all costs and expenses reasonably incurred by the Agency in curing the default. The Agency shall also be entitled to a lien upon the Site or such portion thereof to the extent of such costs and disbursements. Any such lien shall be subordinate and subject to any mortgage, deed of trust or other security instrument or sale and lease-back or other conveyance for financing executed for the sole purpose of obtaining funds to purchase and/or develop the Site, to construct the improvements thereon, and to finance such costs and to pay all costs reasonably related to the Redeveloper's obtaining and performing this Agreement.

5.21 Right of the Agency to Satisfy Other Liens on the Site After Title Passes. After the conveyance of title to the Site and prior to recordation by the Agency of a Certificate of Completion, and after the Redeveloper has had a reasonable time to challenge, secure or satisfy any liens or encumbrances on the Site, the Agency, after ten (10) days prior written notice to the Redeveloper, shall have the right to satisfy any such liens or

encumbrances, provided, however, that nothing in this Agreement shall require the Redeveloper to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Redeveloper in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Site to forfeiture or sale.

5.22 Certificate of Completion. Promptly after completion of all construction and development to be completed by the Redeveloper upon the Site, as generally and specifically required by this Agreement and in particular the scope of Development (Exhibit D), the Agency shall furnish the Redeveloper with a Certificate of Completion upon written request therefor by the Redeveloper. Such Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the Recorder of San Bernardino County.

A Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms of this Agreement relating to commencement and completion of construction on the Site. After recordation of such Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site covered by said Certificate of Completion shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement with respect to the commencement and completion of construction for which such Certificate of Completion is issued, except that such party shall be bound by the covenants contained in Sections 6.1 through 6.4 (inclusive) of this Agreement and the Grant Deed to the Site. Except as otherwise provided herein, after the issuance of a Certificate of Completion for the Site, neither the Agency, the City nor any other person shall have any rights, remedies or controls with respect to the Site that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement relating to the commencement or completion of construction on the Site, and the respective rights and obligations of the parties with reference to the Site shall be as set forth in Sections 6.1 through 6.4 (inclusive) of this Agreement and the Grant Deed of the Site.

The Agency shall not unreasonably withhold any Certificate of Completion. If the Agency refuses or fails to furnish a Certificate of Completion after written request from the Redeveloper, the Agency shall, within thirty (30) days after such written request, provide the Redeveloper with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Completion. The Statement shall also contain the Agency's opinion of the action the Redeveloper must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate availability of specific minor finish items or materials, the Agency will issue its

Certificate of Completion upon the posting of a bond by the Redeveloper with the Agency in an amount representing a fair value of the work not yet completed. If the Agency shall have failed to provide such written statement within said 30-day period, the Redeveloper shall be deemed entitled to the Certificate of Completion.

Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Redeveloper to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof. Such Certificate of Completion is not notice of completion as referred to in the California Civil Code Section 3093.

6. SITE, USE RESTRICTIONS.

6.1 Uses. The Redeveloper covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that during construction and thereafter, the Redeveloper, its successors and assignees, shall devote the Site to the uses specified in the approved permits for the commercial building, this Agreement, the Grant Deed for the Site, the Scope of Development (Exhibit D) and the Redevelopment Plan for the Project for the period of time specified therein.

The Redeveloper shall have the right and it covenants and agrees to use the Site and adjacent parking area for the following purposes only:

A high quality commercial building, with not less than 7,000 square feet of gross leasable area devoted to office, commercial and light industrial uses and to such complimentary uses and ancillary parking as are permitted in the Scope of Development (Exhibit D). The permissible usages herein described may only be modified upon obtaining the written consent of the Agency.

6.2 Maintenance of the Site. The Redeveloper shall maintain the improvements on the Site and shall keep the Site free from any accumulation of debris or waste materials. The Redeveloper shall also maintain all public improvements, including landscaping and sidewalks to the curb of the Site.

6.3 Obligation to Refrain from Discrimination. The Redeveloper covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Redeveloper itself, or any person claiming under or through it, establish or

permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

6.4 Form of Nondiscrimination and Nonsegregation Clause. The Redeveloper shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself, his heirs, executors, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself, or any persons claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

2. In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

'That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased.'"

3. In contracts: "There shall be no discrimination against or segregation of any persons or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

6.5 Effect and Duration of Covenants. Except as may be otherwise provided, the covenants contained in this Agreement and the Grant Deed for the use of the Site shall remain in effect until the termination date of the Redevelopment Plan (September 26, 1997) or any extension thereof. The covenants against discrimination shall remain in effect in perpetuity. The covenants established in this Agreement and the Grant Deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, the City and any successor in interest to the Site or any part thereof.

The Agency and the City are deemed the beneficiaries of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site, any parcel or subparcel, or in the Project Area. The Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

7. DEFAULTS, REMEDIES AND TERMINATION.

7.1 Defaults -- General. Subject to the extensions of time set forth in Section 8.4, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, and except as otherwise expressly provided in Sections 7.2.5 and 7.2.6 of this Agreement, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

7.2 Legal Actions.

7.2.1 Institution of Legal Actions. In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Bernardino, State of California, in any other appropriate court in that county, or in the Federal District Court in the Central District of California. The prevailing party in any such legal action may recover its reasonable attorney's fees.

7.2.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

7.2.3 Acceptance of Service of Process. In the event that any legal action is commenced by the Redeveloper against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or Secretary of the Agency, or in such other manner as may be provided by law.

In the event that any legal action is commenced by the Agency against the Redeveloper, service of process on the Redeveloper shall be made by personal service upon any officer of the general partner or other agent of the Redeveloper (authorized to accept service on behalf of the Redeveloper) or in such other manner as may be provided by law and shall be valid whether made within or without the State of California.

7.2.4 Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.2.5 Damages. If the Redeveloper or the Agency defaults with regard to any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured or commenced to be cured by the defaulting party within thirty (30) days after service of the notice of default, the defaulting party shall be liable to the other party for any damages caused

by such default, except as otherwise expressly provided in Sections 7.3.1 and 7.3.2 hereof.

7.2.6 Specific Performance. If the Redeveloper or the Agency defaults under any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured by the defaulting party within thirty (30) days of service of the notice of default, the nondefaulting party, at its option, may institute an action for specific performance of the terms of this Agreement.

7.3 Remedies and Rights of Termination .

7.3.1 Termination by the Redeveloper.

(a) The Redeveloper at its option may terminate this Agreement if the Agency after and despite its best efforts subject to the Agency's obligations under the California Redevelopment Law, the Redevelopment Plan and the Rules Governing Participation and Preferences by Owners, Operators of Businesses and Tenants in the Redlands Downtown Redevelopment Project Area, adopted by the Agency on September 26, 1972 ("Owner Participation Rules") as it deems necessary or appropriate, is unable to tender conveyance of title to and possession of the Site in the manner and condition, and within the time established therefor in the Schedule of Performance (Exhibit C), and any such failure is not cured within thirty (30) days after written demand by the Redeveloper. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement.

(b) The Redeveloper at its option may terminate this Agreement if the Agency is unable, after and despite its best efforts, to cause the City to vacate the alley-way and record a reversion to acreage or similar subdivision for the Site in the manner and within the time required by Section 4.1 of this Agreement, and such breach is not cured within thirty (30) days after the date of written demand therefore by the Redeveloper. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement and the Agency shall reimburse the Redeveloper for (1) any C.R.A. fees together with fees and application costs paid by the Redeveloper to the City in connection with the processing of the vacation of the alley-way and the reversion to acreage of the Site as described in Section 4.1 of this Agreement and (2) any costs incurred by the Redeveloper as a result of the Redeveloper's compliance with CEQA requirements.

7.3.2 Termination by the Agency.

(a) The Agency at its option may terminate this Agreement with respect to the Site if the Redeveloper assigns or attempts to assign this Agreement, or any rights

herein; or makes any total or partial sale, transfer or conveyance of the whole or any part of the Site or the improvements to be developed thereon in violation of the terms of this Agreement, and such breach is not cured within thirty (30) days after written demand therefor by the Agency. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement.

(b) The Agency at its option may terminate this Agreement with respect to the Site if the Agency is unable, after and despite its best efforts, to cause the City to vacate the alley-way and record a reversion to acreage or similar subdivision for the Site in the manner and within the time required by Section 4.1 of this Agreement, and such breach is not cured within thirty (30) days after the date of written demand therefore by the Redeveloper. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement and the Agency shall reimburse the Redeveloper for (1) any C.R.A. fees together with fees and application costs paid by the Redeveloper to the City in connection with the processing of the vacation of the alley-way and the reversion to acreage of the Site as described in Section 4.1 of this Agreement, and (2) any costs incurred by the Redeveloper as a result of Redeveloper's compliance with CEQA requirements.

(c) The Agency at its option may terminate this Agreement with respect to the Site if the Redeveloper does not submit construction drawings and related documents, or any to such drawings, within the time respectively established therefor in the Schedule of Performance (Exhibit C) and such breach is not cured within thirty (30) days after the date of written demand therefor by the the Agency. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement.

(d) The Agency at its option may terminate this Agreement with respect to the Site if upon satisfaction of all conditions precedent and concurrent under this Agreement, the Redeveloper does not take title to the Site under tender by the Agency within the time respectively established therefor in the Schedule of Performance (Exhibit C), and such breach is not cured within thirty (30) days after the date of written demand therefor by the Agency. In the event of such termination pursuant to this paragraph, neither the Agency nor the Redeveloper shall have any further rights against or liability to the other under this Agreement.

7.4 Right to Reenter, Repossess, Terminate and Revest. The Agency shall have the additional right, at its option, to reenter and take possession of the Site and all improvements thereon and to terminate and revest in the Agency the estate conveyed to the Redeveloper, if after conveyance of

title to and possession of the Site and prior to the recordation by the Agency of the Certificate of Completion for the Site, the Redeveloper shall in breach of its obligations under this Agreement (or its successors in interest):

(a) Fail to provide satisfactory evidence to Agency of financing of the development of the Site as required by this Agreement for a period of three (3) months after written notice thereof from the Agency; or

(b) Fail to commence construction of the improvements as required by this Agreement for a period of three (3) months after written notice thereof from the Agency to proceed; or

(c) Abandon or substantially suspend construction of the improvements for a period of three (3) months after written notice of such abandonment or suspension from the Agency; or

(d) Assign or attempt to assign this Agreement, or any rights herein, or transfer or suffer any involuntary transfer of the Site or any part thereof in violation of this Agreement, and such violation shall not be cured within three (3) months after written demand from the Agency.

The right to reenter, repossess, terminate, and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

(1) Any mortgage, deed of trust or other security instrument or sale and lease-back or other conveyance for financing permitted by this Agreement; or

(2) Any rights or interests provided in this Agreement for the protection of the holders of such mortgages, deeds of trust or other security instruments, the lessor under a sale and lease-back or the grantee under such other conveyance for financing, providing that nothing herein shall be deemed to impose upon the Agency any affirmative obligations (by the payment of money, construction or otherwise) with respect to the Site in the event of the Agency's exercise of its rights under this Section 7.4.

The Grant Deed for the Site shall contain appropriate references and provisions to give effect to the Agency's right, as set forth in this Section 7.4, under specified circumstances prior to recordation by the Agency of the Certificate of Completion to reenter and take possession of the Site and all improvements thereon and to terminate and revest in the Agency the estate conveyed to the Redeveloper.

Upon the revesting in the Agency of title to the Site or any part thereof as provided in this Section 7.4, the Agency shall, pursuant to its responsibilities under state law, use its

best efforts to resell the Site or such portion thereof as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan to a qualified and Responsible party or parties (as determined by the Agency), who will assume the obligation of making or completing the improvements, or such other improvements in their stead, as shall be satisfactory to the Agency and in accordance with the uses specified for the Site, or such portion thereof, in the Redevelopment Plan. Upon such resale of the Site, or such portion thereof, the proceeds thereof shall be applied:

a. First, to reimburse the Agency on its own behalf or on behalf of the City, for all costs and expenses incurred by the Agency, including but not limited to salaries to personnel in connection with the recapture, management and resale of the Site or such portion thereof (but less any income derived by the Agency from the Site or such portion thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Site or such portion thereof (or, in the event the Site or such portion thereof is exempt from taxation or assessment or such charges during the period of ownership, then such taxes, assessments, or charges (as determined by the county assessing official) as would have been payable if the Site or such portion thereof were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Redeveloper, its successors or transferees, any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Site or such portion thereof; and by amounts otherwise owing the Agency by the Redeveloper;

b. Second, to reimburse the Redeveloper, its successor or transferee, up to the amount equal to the sum of: (1) the purchase price paid to the Agency by the Redeveloper for the Site (or allocable) to the part thereof; and (2) the costs incurred for the development of the Site or part thereof, or for the construction of the improvements thereon.

Any balance remaining after such reimbursements shall be retained by the Agency as its property.

The rights established in this Section 7.4 are to be interpreted in light of the fact that the Agency will convey the Site to the Redeveloper for development and not for speculation purposes.

8. GENERAL PROVISIONS.

8.1 Notices, Demands and Communications Between the Parties. Formal notices, demands and communications between the Agency and the Redeveloper shall be sufficiently given if

dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Redeveloper as set forth in Section 3.5.2 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

8.2 Conflicts of Interest. No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee, participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

8.3 Nonliability of Agency Officials and Employees. No member, official, or employee of the Agency shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach by the Agency or for any amount which may become due to the Redeveloper or to its successor, or on any obligations under the terms of this Agreement.

8.4 Extension of Times of Performance and Delays. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; litigation, including delays beyond the reasonable control of the Agency in concluding eminent domain proceedings or related legal proceedings instituted by the Agency to acquire and vacate the Site but in no event excusing any delay by the Agency in conveying title or possession to the Site within the time required by this Agreement; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of the other party; acts or the failure to act of the City or any other public or governmental Agency or entity (except that acts or the failure to act of the Agency shall not excuse performance by the Agency) or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause.

Times of performance under this Agreement may also be extended in writing by the Agency and the Redeveloper.

8.5 Inspection of Books and Records. The Agency has the right, at all reasonable times prior to the issuance of the Certificate of Completion for the Site to inspect the books and records of the Redeveloper pertaining to the Site as pertinent to

the purposes of this Agreement. The Redeveloper also has the right, at all reasonable times prior to the issuance of the Certificate of Completion for the Site to inspect the books and records of the Agency pertaining to the Site as pertinent to the purposes of this Agreement.

8.6 Plans and Data. If this Agreement is terminated by the Agency for any failure or default of the Redeveloper specified herein, the Redeveloper shall deliver to the Agency all soil tests and grading plans (whether or not formally submitted to the City or Agency) and all plans and data concerning the Site.

8.7 Approvals. Approvals required of the Agency or the developer shall not be unreasonably withheld and approval or disapproval shall be given within the times set forth in this Agreement, the Schedule of Performance (Exhibit C) or, if no time is given, within a reasonable time.

Any requests for approvals submitted to the Agency shall contain the following heading in bold type:

ATTENTION EXECUTIVE DIRECTOR:

THIS IS A REQUEST FOR AGENCY APPROVAL OF THE ATTACHED DOCUMENT. PLEASE REVIEW THE MATERIAL AND APPROVE OR DISAPPROVE IT IN WRITING WITHIN THE TIME ESTABLISHED THEREFOR IN THE DISPOSITION AND DEVELOPMENT AGREEMENT SCHEDULE OF PERFORMANCE. FAILURE OF THE AGENCY TO APPROVE OR DISAPPROVE IN A TIMELY MANNER MAY RESULT IN SUCH DOCUMENT BEING DEEMED APPROVED.

8.8 Real Estate Commissions. The Agency shall not be liable for any real estate commissions, brokerage fees or finders fees which may arise from this Agreement. The Agency and the Redeveloper each represent to the other that it has engaged no broker, agent, or finder in connection with this transaction.

9. SPECIAL PROVISIONS.

9.1 Submission of Documents for Approval. Whenever this Agreement requires either party to submit plans, drawings or other documents to the other party for approval, which shall be deemed approved if not acted on by the other party within a specified time, said plans, drawings or other documents shall be accompanied by a letter stating that they are being submitted and will be deemed approved unless rejected by the other party within the stated time. If there is no time specified herein for such action, the submitting party may submit a letter requiring approval or rejection by the other party of documents within thirty (30) days after submission to the other party or such documents shall be deemed approved. Except where such approval is expressly reserved to the sole discretion of the approving party, all approvals required hereunder by either party shall be reasonable and not unreasonably withheld.

9.2 Amendment of Redevelopment Plan. Pursuant to provisions of the Redevelopment Plan for modification or amendment thereof, the Agency agrees that no amendment which changes the uses or development permitted on the Site or changes the restrictions or controls that apply to the Site or otherwise affects the Site shall be made or become effective without the prior written consent of the Redeveloper. Amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of the Redeveloper.

9.3 Amendments to This Agreement. The Redeveloper and the Agency agree to mutually consider reasonable requests for amendments to this Agreement which may be made by any of the parties hereto, lending institutions, or bond counsel or financial consultants to the Agency, provided said requests are consistent with this Agreement and would not substantially alter the basic business terms included herein.

9.4 Entire Agreement, Waivers and Amendments. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement comprises pages 1 through 32 inclusive, and Exhibits "A" through "H," attached hereto and incorporated herein by reference, which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency and the Redeveloper, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Redeveloper.

9.5 Time for Acceptance of Agreement by Agency. This Agreement, when executed by the Redeveloper and delivered to the Agency, must be authorized, executed and delivered by the Agency not later than the time set forth in the Schedule of Performance (Exhibit C) or this Agreement shall be void, except to the extent that the Redeveloper shall consent in writing to further extensions of time for the authorization, execution and delivery of this Agreement. The effective date of this Agreement shall be the date when this Agreement has been signed by the Agency.

9.6 Non-Material Amendments. The Executive Director and Director of the Agency are each authorized to approve and execute amendments to this Agreement which are not of a material nature, including, but not limited to, the granting of extensions of time to the Redeveloper.

Dated: June 17, 1987

REDEVELOPMENT AGENCY OF THE
CITY OF REDLANDS

By: Carol Desmet

ATTEST:

John E. Holmes

Spence Rogers
Secretary

APPROVED AS TO FORM:

BEST, BEST & KRIEGER
Counsel to the City of
Redlands Redevelopment
Agency

By: Daniel A. Chier

REDEVELOPER

B-Z ENTERPRISES

Dated: June 15, 1987

Richard Burkhardt
RICHARD BURKHART
General Partner

Dated: June 15, 1987

Gene Zdunowski
GENE ZDUNOWSKI
General Partner

EXHIBIT "A"

MAP OF SITE

(To follow)

EXHIBIT "B"

LEGAL DESCRIPTION OF THE SITE

(To follow)

EXHIBIT "C"

SCHEDULE OF PERFORMANCE

[NOTE: The summary of Action Items listed in this Schedule of Performance shall not be construed as making any substantive changes in the provisions of this Agreement to which such Action Items refer.]

<u>Action</u>	<u>Date</u>
1. <u>Execution of Agreement by Redeveloper.</u> The Redeveloper shall execute this Agreement.	Prior to the public hearing of the Agency to authorize Agency execution of this Agreement.
2. <u>Approved Title Exceptions.</u> The Redeveloper and the Agency shall agree on the approved title exceptions to be attached hereto as Exhibit F. (Section 4.5.)	On or before execution of this Agreement by the Agency.
3. <u>Form of Grant Deed.</u> The Agency and the Redeveloper shall agree on the form of the Grant Deeds for the Site to be attached hereto as Exhibit E. (Section 4.4.)	On or before execution of this Agreement by the Agency.
4. <u>Execution of Agreement by Agency.</u> The Agency shall hold a public hearing to authorize execution of this Agreement, and if so authorized, the Agency shall execute this Agreement. (Section 9.6.)	On or before July 1, 1987.
5. <u>Opening of Escrow.</u> The Agency shall open an escrow for conveyance of the Site to the Redeveloper. (Section 4.2.)	Within 10 working days after execution of this Agreement by the Agency.

6. Vacation of Alley; Reversion to Acreage. The Agency shall cause the City to vacate the alley on the Site and to process and record a reversion to acreage for the Site pursuant to Section 4.1 of this Agreement. (Section 4.1.)

Prior to the close of escrow on the Site.
7. Close of Escrow. The Agency shall convey title to the Site to the Redeveloper, and the Redeveloper shall accept such conveyance. (Section 4.2.)

Within 30 working days after the Agency satisfies the conditions of item 6 above, but in all events not later than September 30, 1987.
8. Submission--Basic Concept Drawings. The Redeveloper shall prepare and submit to the Agency for review and approval Basic Concept Drawings and related documents for redevelopment of the Site. (Section 5.2.)

Simultaneous with the execution of this Agreement by the Redeveloper.
9. Approval--Basic Concept Drawings. The Agency shall approve or disapprove the Redeveloper's Basic Concept Drawings and related documents. (Section 5.2.)

Prior to or upon execution of this Agreement by Agency.
10. Submission--Preliminary Construction Drawings and Landscaping and Grading Plans. The Redeveloper shall prepare and submit to the Agency for review and approval Preliminary Construction Drawings and Landscaping and Grading Plans for the Site. (Section 5.5.)

On or before August 1, 1987.
11. Approval--Preliminary Construction Drawings and Landscaping and Grading Plans. The Agency shall approve or disapprove the Redeveloper's Preliminary Construction Drawings and Landscaping and Grading Plans. (Section 5.5.)

Within 20 days after receipt thereof by the Agency.

12. Submission--Final Construction Drawings, Landscaping and Grading Plans. The Redeveloper shall prepare and submit to the Agency for review and approval Final Construction Drawings and Landscaping and Grading Plans for the Site. (Section 5.4.)
13. Approval--Final Construction Drawings and Landscaping and Grading Plans. The Agency shall approve or disapprove the Redeveloper's Final Construction Drawings and Landscaping and Grading Plans. (Section 5.5.)
14. Governmental Permits. The Redeveloper shall obtain any and all permits required by the City or any other governmental agency. (Section 5.9.)
15. Commencement of Construction of Redeveloper's Improvements. The Redeveloper shall commence construction of the improvements to be constructed on the Site. (Section 5.7.)
16. Agency's Work on the Site. The Agency shall commence and complete the work specified in this Agreement and the Scope of Development (Exhibit "D") to be performed by the Agency. (Section 5.13.)
17. Completion of Construction of Redeveloper's Improvements. The Redeveloper shall complete construction of the improvements to be constructed on the Site. (Section 5.7.)
18. Issuance--Certificate of Completion. The Agency shall furnish the Redeveloper with a Certificate of Completion (Section 5.22.)
- Within 20 days after approval of the Preliminary Construction Drawings, but in all events not later than September 10, 1987.
- Within 20 days after receipt thereof by the Agency, but in all events prior to the close of escrow.
- Within 30 days after the approval of Final Construction Drawings and Landscaping and Grading Plans by the City.
- Within 15 days after the Redeveloper obtains all necessary governmental permits, but in all events not later than December 31, 1987.
- On a schedule which will coordinate with the Redeveloper's planning and construction schedule.
- Within 10 months after commencement thereof by the Redeveloper.
- Promptly after completion of all construction required to be completed by the Redeveloper on the Site and upon written request therefor by the Developer.

19. Commencement of Operations. The Redeveloper shall commence operation of the improvements on the Site.

Within 15 days after issuance of a Certificate of Occupancy by the City.

EXHIBIT D

SCOPE OF DEVELOPMENT

1. GENERAL

The Site shall be designed and developed as a high quality commercial building, in harmony and compatible with other commercial buildings in the Project Area.

The open spaces on the Site where they exist shall be designed, landscaped and developed with the same degree of quality. The total development shall be in acceptable conformity with the Redevelopment Plan for the Redevelopment Project. The Agency and the Redeveloper will cooperate and direct their consultants, architects and/or engineers to cooperate so as to ensure the continuity and coordination vitally necessary for the proper and timely completion of the development of the Site.

The Site shall be developed in accordance with preliminary and final Construction Drawings and related documents as approved by the City and, as to the work to be designed and/or constructed by the Redeveloper as set forth in Section 2 of this Exhibit D, preliminary and final construction drawings and related documents as approved by the Agency. Such approved drawings and related documents shall be deemed in conformity with this Scope of Development.

2. PRIVATE DEVELOPMENT

A. Redeveloper's Improvements

The improvements to be constructed by the Redeveloper on the Site shall include:

1. A high quality commercial building consisting of not less than 7,000 square feet of floor area. Such building shall be suitable for office, commercial and light industrial uses, which shall include but not be limited to, an automobile parts business and a design business, and such other uses as are consistent with prudent business practices.

2. Such parking spaces, lighting and other appurtenances as may be necessary for the commercial uses planned on the Site and as are consistent with local ordinances and standards.

3. Landscaping of all on-site open spaces. In addition, Redeveloper shall provide landscaping in public rights-of-way between the property lines of the Site and the adjacent curbs.

B. Architecture and Design

The development of the Site exterior design of the commercial building shall be of high architectural quality, shall be well landscaped, and shall be effectively and aesthetically designed as shown on the approved Construction Drawings. The shape, scale of volume and exterior finishes of such building must be consonant with and an enhancement to adjacent buildings within the Project Area.

C. Landscaping

Landscaping shall embellish all open spaces upon the Site (including setback areas), as shown on the approved Construction Drawings, to integrate the Redeveloper's improvements with adjacent sites within the Project Area. Landscaping includes such materials as paving, trees, shrubs, and other plant materials, landscape containers, outdoor furniture, top soil preparation, automatic irrigation, landscape and pedestrian lighting and water elements.

Landscaping shall carry out the objectives and principles of the Agency's desire to accomplish a high quality and aesthetic environment.

D. Signs

All signs on the exteriors of buildings and structures facing the street or parking areas developed as a part of the Redeveloper's improvements shall comply with applicable City requirements.

E. Controls and Restrictions--Miscellaneous

The Redeveloper shall not impose any restrictions or controls on the use or operation of the Site which are inconsistent with this Agreement.

F. Economic Factors

It is recognized that the development of the Site must be economically feasible for the Redeveloper to undertake, and that the provisions of this Agreement have been negotiated to attain that objective consistent with a high quality design and level of public benefits. In approving Construction Drawings and related documents, the City is urged to give consideration to that underlying recognition of economic feasibility.

3. SITE CLEARANCE AND PREPARATION

A. On-Site Demolition and Clearance of the Site

The Redeveloper shall perform, or cause to be performed, the following work of Site clearance and preparation:

1. On the Site, demolish or salvage, clear, grub and remove (as may be needed and called for in the approved plans) all pavements, walks, curbs, gutters and other similar Site improvements;

2. Remove, plug and/or crush in place utilities, such as storm sewers, sanitary sewers, water systems, electrical overhead and underground systems, and telephone and gas systems located on the Site as may be required, following any necessary relocation of utilities; and

3. Test the Site to determine the existence of toxic contaminants. The Agency shall remove any abnormal levels of such toxic contaminants from the Site as specified in Section 4.14 of the Agreement.

4. Grade and fill the Site to meet the minimum flood elevations required by the FEMA preliminary flood zone map dated October 3, 1986.

B. Compaction, Finish Grading and Site Work

The Redeveloper shall compact, finish grade and do such preparation as is necessary for the construction of the Redeveloper's improvements on the Site.

4. OFF-SITE IMPROVEMENTS

The Redeveloper shall perform or cause to be performed the design and construction of all items of off-site public improvements and utilities necessary to place the Site in a condition to be improved and developed by the Redeveloper in accordance with Plans and Specifications to be agreed upon by the Agency and the Redeveloper, and subject to the approval of the City. All offsite public utilities shall be installed underground.

5. MAINTENANCE AND OPERATION OF IMPROVEMENTS

A. Redeveloper's Responsibilities

The Redeveloper shall maintain, at its sole cost and expense:

1. The Redeveloper's improvements on Site.
2. The parking.
3. All on-site landscaping.

B. Public Rights-of-way

The Redeveloper shall maintain the improvements (except street lighting) and landscaping in the public rights-of-way adjacent to the Site.

6. UNDERGROUND ASSESSMENT DISTRICT

In the event an assessment district for undergrounding utilities is formed which includes the Site, the Agency shall pay the Redevelopers pro rata share of any and all assessments for such district if such district relates to undergrounding off-site utilities and is formed within five (5) years of the date of execution of this Agreement. If the assessment district is formed more than five (5) years after the execution of this Agreement or if such assessment district relates to undergrounding of utilities located on the Site, then the Redeveloper shall be responsible for its pro rata share of any and all assessments for such district provided that the Redeveloper receive benefits subject to burdens and obligations in the same manner as other property owners in such assessment district.

EXHIBIT E

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Redevelopment Agency of the
City of Redlands
c/o John E. Brown, Esq.
Attorney for Agency
Best Best & Krieger
4200 Orange Street
Post Office Box 1028
Riverside, California 92501

MAIL TAX STATEMENTS TO:

B-Z Enterprises
1615 West Fein Avenue
Redlands, California 92373

GRANT DEED

For valuable consideration, receipt of which is
hereby acknowledged,

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a
public body, corporate and politic, of the State of
California, herein called "Grantor," acting to carry out the
Redevelopment Plan for the Redlands Redevelopment Project
(which plan is hereinafter referred to as the "Redevelopment
Plan") under the Community Redevelopment Law of California,
hereby grants to:

B-Z Entgerprises, a general partnership as "Grantee," the real property (hereinafter referred to as the "Property"), described on Attachment 1 hereto.

1. The Property is conveyed subject to the Redevelopment Plan and pursuant to a Disposition and Development Agreement dated _____, 1987, (the "Agreement") entered into by and between Grantor and Grantee (herein called "Agreement") the provisions of which are incorporated herein by reference. The Property is conveyed further subject to all easements, rights-of-way, covenants, conditions, restrictions, reservations and all other matters of record.

2. The Grantee hereby covenants by and for itself, its representatives, successors and assigns and all persons claiming under or through it that during construction and thereafter the Grantee shall not use or permit the use of the Property for other than the uses specified in the Redevelopment Plan and the Agreement.

3. The Grantee hereby covenants by and for itself, its representatives, successors and assigns and all persons claiming under or through it to construct and maintain the improvements and landscaping on the Property in accordance with the provisions of the drawings and plans approved by the Grantor pursuant to the Agreement.

4. Prior to the issuance of a Certificate of Completion by the Grantor as provided in the Redevelopment Plan and the Agreement, the Grantee shall not, except as permitted by the Agreement, sell, transfer, convey, assign or lease the whole or any part of the Property without the prior written approval of the Grantor (other than as expressly permitted in the Agreement). This prohibition shall not apply subsequent to the issuance of a Certificate of Completion with respect to all of the completed improvements upon the Property.

5. Subject to the provisions hereinafter set forth, the Grantor shall have the additional right, at its option, to re-enter and take possession of the uncompleted Property with all improvements thereon, and to dispossess Grantee and all lessees (if any) and all those claiming by or through Grantee, and revert in the Grantor the estate conveyed to the Grantee, if after conveyance of title and prior to issuance of a Certificate of Completion for the Property, the Grantee (or its successors-in-interest or any such lessees) shall:

(a) Fail to commence or proceed with construction of improvements as required by the Agreement for a period of three (3) months after written notice to proceed from the Grantor; or

(b) Abandon or substantially suspend construction of the improvements for a period of three (3) months after written notice of such abandonment or suspension from the Grantor; or

(c) Transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of Paragraph 4 of this Grant Deed, and such violation shall not be cured within three (3) months after written demand by Grantor.

Such right to re-enter, repossess and revest shall be subordinate and subject to and be limited by and shall not defeat, render invalid, or limit:

(a) Any mortgage, deed of trust or other security instrument expressly permitted by the Agreement;

(b) Any rights or interests provided for the protection of the holders of such mortgages, deeds of trust or other security instruments, which rights or interests are consented to in writing by Grantor.

The rights established in this Paragraph 5 shall not apply to the Property after a Certificate of Completion for the Property has been issued as provided in the Agreement.

6. The Grantee covenants by and for itself, its representatives, successors and assigns and all persons claiming under or through it (including, without limitation, all lessees), that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any persons claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

All deeds, leases, or contracts made relative to the Property, improvements thereon, or any part thereof, shall contain or be subject to substantially the following nondiscrimination clauses:

(a) In deeds: "The grantee herein covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through

him, and this lease is made and accepted subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or

enjoyment of the land, nor shall the transferee himself or any person claiming under or through him establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

7. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument expressly permitted by the Agreement; provided, however, that any successor of Grantee to the Property or parcels thereof shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

8. All covenants contained in this Grant Deed shall run with the land and shall be binding for the benefit of the Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which such covenants shall be in force and

effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

9. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect until the termination date of the Redevelopment Plan or any extension thereof. Thereafter, the only uses authorized for the Property shall be those permitted by the City's General Plan, Specific Plan Redevelopment Plan and zoning ordinances. The covenants contained in Paragraphs 4 and 5 of this Grant Deed shall remain in effect until issuance of a Certificate of Completion for the Property from Grantor, and after such date shall terminate and be null and void.

The covenants contained in Paragraphs 6, 7 and 10 of this Grant Deed shall remain in effect in perpetuity.

10. The covenants contained in this Grant Deed, without regard to technical classification or designation, shall not benefit or be enforceable by any person, firm or corporation, public or private, except Grantor and its successors and assigns. Any amendments to the Redevelopment Plan which change the uses or development then permitted on the Property, or otherwise change any of the restrictions or controls that then apply to the Property, shall require the written consent of Grantee or the successors and assigns of Grantee in and to all or any part of the fee title to the Property; but any such amendment shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any holder, person or entity having any interest less than a fee in the Property.

11. In the event of any express conflict between this Grant Deed and the Agreement, the provisions of this Grant Deed shall control.

12. Grantee, its successors and assigns and all persons claiming under or through it (including, without limitation, all lessees) hereby covenants that the Property conveyed in this Grant Deed is to be developed into a commercial building suitable for office, retail and light industrial uses and complimentary commercial uses compatible

with the Redevelopment Plan, and which are approved by the Agency. Grantee further covenants to commence construction on the Property on or before the date specified in the Agreement. Should Grantee fail to commence construction by such date, the Property shall revert to and revest in Grantor, and all purchase money obligations and encumbrances upon the Property executed by Grantee (in accordance with the Agreement) and held by Grantor at the time of such reversion shall be discharged and reconveyed. The remainder, if any, of any cash payments paid by Grantee in cash shall be retained by Grantor.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed this ____ day of _____, 1987.

Dated: _____

REDEVELOPMENT AGENCY OF THE
CITY OF REDLANDS

By: _____

ATTEST:

Secretary

(Signature Page Continued)

APPROVED:

Best, Best & Krieger
Agency Counsel

By: _____

The provisions of this Grant Deed are hereby
approved and accepted.

B-Z ENTERPRISES

Dated: _____

By: _____
RICHARD BURKHART
General Partner

Dated: _____

By: _____
GENE ZDUNOWSKI
General Partner

[ACKNOWLEDGMENTS]

EXHIBIT "F"

APPROVED TITLE EXCEPTIONS

EXHIBIT "G"

NOTE SECURED BY DEED OF TRUST

\$45,383.50

Redlands, California

_____, 1987

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay to the REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a public body ("Obligee"), or order, at such address as the holder hereof ("Holder") may from time to time designate, the principal sum of FORTY-FIVE THOUSAND THREE HUNDRED EIGHTY-THREE DOLLARS AND FIFTY CENTS (\$45,383.50) with interest from the date endorsed hereon by Escrow Holder (the "Commencement Date") until paid at the rate of Nine and One-Half Percent (9.5%) per annum, payable as follows: Interest only payments of One Thousand Seventy-Seven Dollars and Eighty-Four Cents (\$1,077.84) payable quarterly commencing on the first quarterly anniversary of the Commencement Date and continuing thereafter until the earlier of the date which is thirty (30) months after the commencement date or the date on which permanent financing is secured for the principal and Site, at which time all accrued but unpaid interest shall be fully due and payable.

The unpaid principal balance of this Note, together with any accrued interest, may be prepaid at any time without penalty.

This Note is secured by a Deed of Trust naming First American Title Insurance Company, a California corporation, as Trustee.

Neither this Note nor the Deed of Trust securing same may be assigned by the Maker without the prior written consent of the Holder. Subject to the foregoing, this Note shall be binding upon the parties hereto and their respective heirs, successors and assigns.

Should Maker agree to or actually sell, convey, transfer or dispose of the real property described in the Deed of Trust securing this Note, or any part of it, or any interest in it, without first obtaining the written consent of the Holder of this Note, then all obligations secured by this Note may be declared due and payable, at the option of the Holder. Consent to one transaction of this type will not constitute a waiver of the right to require consent to future or successive transactions.

Upon the failure to make any payment required hereby within fifteen (15) days of the due date, the Holder hereof shall have the right and option to declare the entire indebtedness evidenced by this Note or secured by or set forth in the Deed of Trust immediately due and payable, and upon such declaration, such indebtedness shall be immediately due and payable.

Should interest not be paid as required hereunder, it shall thereafter bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple

interest on the unpaid principal at the maximum rate permitted by law.

Principal and interest shall be due and payable in lawful money of the United States of America. If any action is instituted on this Note, and an attorney is employed by the Holder in connection with collection of sums due and owing hereunder, Maker promises to pay reasonable attorneys' fees and costs and expenses incurred incident to such employment.

REDEVELOPER:

B-Z ENTERPRISES

By: _____
General Partner

By: _____
General Partner

ATTACHMENT 1 TO DEED OF TRUST

(LEGAL DESCRIPTION)

ATTACHMENT 2 TO DEED OF TRUST

"DUE-ON-SALE" CLAUSE

Should the Trustor under this Deed of Trust, or any grantee or assignee of Trustor agree to or actually sell, convey, transfer, or dispose of the real property described in this Deed of Trust, or any part of it, or any interest in it, without first obtaining the written consent of the Beneficiary under this Deed of Trust, then all obligations secured by this Deed of Trust may be declared due and payable, at the option of the Beneficiary. Consent to one transaction of this type will not constitute a waiver of the right to require consent to future or successive transactions.

ATTACHMENT 3 TO DEED OF TRUST

SUBORDINATION PROVISION

This Deed of Trust shall, provided that an unrescinded Notice of Default under the terms hereof does not then appear of record, be subject to the following:

- (A) A deed of trust, to be hereafter executed by Trustor, or their successor in interest, covering the property secured by this Deed of Trust (the "Property") or a portion thereof, to secure a loan, herein called "construction loan," from a bank, savings and loan association, or other person or entity acceptable to the Beneficiary for the purpose of constructing improvements on the Property; provided and subject to the following:
 - (1) The total amount of such construction loan shall not exceed 100% of the cost of the improvements plus loan costs and fees;
 - (2) The proceeds of such construction loan shall be used only for the purpose of constructing on the Property a commercial building and related improvements in accordance with the terms of the Disposition and Development Agreement between the Trustor and Beneficiary dated _____, 1987;
 - (3) There has been delivered by the Trustor to Beneficiary a binding commitment from an institutional lender as herein defined to make a construction loan on the Property for the purposes and amounts outlined herein; and
 - (4) The proceeds of the construction loan shall be disbursed by the lender either through its own offices or through a bonded disbursement control agency only after inspection and certification of the work completed on said Property.

REDEVELOPMENT
DISPOSITION AND DEVELOPMENT AGREEMENT
(B-Z Enterprises)

BY AND BETWEEN THE REDEVELOPMENT AGENCY
OF THE CITY OF REDLANDS,
Agency

AND

B-Z ENTERPRISES, a general partnership
Redeveloper

June 16 , 1987

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A Full Reconveyance will be issued only when the original note or notes, together with the Deed of Trust securing payment thereof, are surrendered to the Trustee for cancellation, accompanied by this Request signed by all owners of the note or notes, together with the reconveyance fee.

Request for Full Reconveyance

Date:

The undersigned owns and holds.....promissory note.....for the sum of \$43,516.44

(Forty three thousand five hundred sixteen and 44/100)dollars, and all other indebtedness secured

by a Deed of Trust dated.....March 2,.....1988, made by.....

B-Z ENTERPRISES, a general partnership

Trustor, recorded.....March 11.....1988, File No. 074760 in Book.....n/a

Page.....n/a.....Official Records of.....San Bernardino.....County, California.

You are notified that all indebtedness secured by said Deed of Trust has been fully paid; and you are directed upon surrender to you for cancellation of said Deed of Trust and note or notes, and upon payment to you of any sums owing to you under the terms of said Deed of Trust, to reconvey without warranty to "the person or persons legally entitled thereto" the estate now held by you and acquired through said Deed of Trust.

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

This space for use by Trustee.

REGISTER NO.....

Clerk.....

Reconveyance issued.....

Checked by.....

Delivered.....to.....

Note and Trust Deed Cancelled.....

BY:

Address for mailing of reconveyance:.....

ALL-PURPOSE ACKNOWLEDGMENT

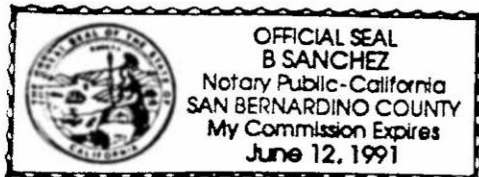
State of California

County of San Bernardino

On 3-28-91 before me, B. Sanchez (name, title of officer),
personally appeared Charles G. DeMirjyn and Swen Larson,
☒ personally known to me — OR — ☐ proved to me on the basis of satisfactory evidence to
be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowl-
edged to me that ~~he~~ they executed the same in ~~his~~ their authorized capacity(ies), and
that by ~~his~~ their signature(s) on the instrument the person(s), or the entity upon behalf of

which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



B Sanchez
Signature

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL(S) SIGNING FOR ONESELF/THEMSELVES

☒ CORPORATE OFFICER(S) Chairman and Agency Member
Redevelopment Agency
City of Redlands

☐ PARTNER(S) PARTNERSHIP

☐ ATTORNEY-IN-FACT PRINCIPAL(S)

☐ TRUSTEE(S) TRUST

☐ OTHER TITLE(S)

TITLE(S):

ENTITY(IES) REPRESENTED:

ENTITY(IES) REPRESENTED:

BENEFICIARY'S DEMAND STATEMENT

Redlands, California
March 27,, 1991

Loan No. " B-Z Enterprises "
Your Escrow No. 8848-JB

Guardian Escrow Inc.

101 East Redlands Blvd., Suite 180
P.O. Box 8428
Redlands, CA 92375-1628

You are handed herewith Note and Deed of Trust (with request for reconveyance)—or Mortgage
(with release of same)—recorded ^{as instrument no. 88-074760} ~~in Book~~ page of Official Records
of San Bernardino County, California, together with note secured thereby, executed by
B-Z ENTERPRISES, a general partnership
on the 2nd day of March, 1988; covering property described as follows:

Parcel No. 1 or Parcel Map No. 11420, in the City of Redlands, County of
San Bernardino, State of California, as per map recorded in Book 125, page
33 of Parcel Maps, in the office of the Recorder of said County.

You are authorized to use the instruments handed you herewith, as the interests of the parties to
them may appear, when you are prepared to issue your check, within 30 days from date hereof, payable
to the order of REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

for the balance of \$43,803.44 owing on said note,
and interest on \$43,516.44, at the rate of 9.5 per cent per annum, from March 28, 1991
to date of closing your escrow.

If payment cannot be made at the time herein designated, you may comply with this demand at
the earliest date possible thereafter, unless written demand is made upon you for the return of the
instruments hereby consigned to you.

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

Signature BY: [Signature]

BY: [Signature]

Address 30 Cajon Street

Redlands, CA 92373

Phone

The amount as demanded above
is hereby approved for payment.



Guardian Escrow, Inc.

101 East Redlands Blvd., Suite 180
P.O. Box 8428
Redlands, CA 92375-1628
(714) 793-3147 FAX (714) 798-4606

Date: March 19, 1991

Escrow No.: 8848-JB

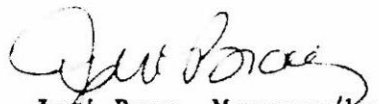
REDEVELOPMENT AGENCY OF THE
CITY OF REDLANDS
30 Cajon Street
Redlands, CA. 92373

We are handling an escrow for B-Z Enterprises, a general partnership covering property known as 333 East Stuart Avenue, Redlands, CA. 92373.

One of the conditions of this escrow is that your encumbrance be paid in full. Please forward the enclosed Beneficiary Demand Statement, completed, along with your reconveyance documents (original note and deed of trust) and execute the enclosed request for full reconveyance to our office as soon as possible.

Should you have any questions, please do not hesitate to contact our office.

Sincerely,
GUARDIAN ESCROW, INC.


Jeri Bray, Manager/bp

encls.

32890
Rosemarie Gonzales
took all documents
+ Subordination Agmts
to Escrow Company.
(Agmts one dated 5/89
one dated 5/89)

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Dick Burkhardt hand-carried
to title company on
Thursday, May 12th, 1988.

88-157595

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this 10 day of MAY, 1988, by B&Z ENTERPRISES, A GENERAL PARTNERSHIP

owner of the land hereinafter described and hereinafter referred to as "Owner," and THE REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, B&Z ENTERPRISES, A GENERAL PARTNERSHIP did on MARCH 2, 1988, execute a deed of trust to GUARDIAN EQUITIES, LTD., A CALIFORNIA CORPORATION, as trustee, covering:

PARCEL NO. 1 OF PARCEL MAP NO. 11420 IN THE COUNTY OF SAN BERNARDINO STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 125, PAGE 33 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

to secure a note in the sum of \$ 43,516.44, dated MARCH 2, 1988, in favor of the REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, which deed of trust was recorded MARCH 11, 1988, in book instrument page #88-074760 Official Records of said county and is subject and subordinate to the deed of trust next hereinafter described; and

WHEREAS, B&Z ENTERPRISES, A GENERAL PARTNERSHIP did on, execute a deed of trust to S-KRO ENTERPRISES, INC. A CALIFORNIA CORPORATION, as trustee, covering said land and securing an indebtedness in the amount of \$ 368,000, in favor of THE BANK OF HEMET, hereinafter referred to as "Lender," which deed of trust was recorded CONCURRENTLY HERewith, in book page, Official Records of said county and provides among other things that it shall also secure additional loans and advances thereafter made upon the terms and conditions therein set forth; and

WHEREAS, Owner has executed, or is about to execute, a note in the amount of \$368,000, dated, in favor of Lender, payable with interest and upon the terms and conditions described therein, which note evidences an additional loan to be made by Lender to Owner under the terms and provisions of, and secured by, said deed of trust in favor of Lender; and

WHEREAS, it is a condition precedent to obtaining said additional loan that said deed of trust in favor of Lender, securing all

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make said additional loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge to the deed of trust first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the additional loan above referred to, it is hereby declared, understood, and agreed as follows:

- (1) That said deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited as being secured thereby, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That Lender would not make its additional loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees, and acknowledges that

- (a) He consents to and approves (i) all provisions of the note evidencing said additional loan and the deed of trust securing same, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's additional loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes, and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited therein as being secured thereby, and understands that in reliance upon and in consideration of this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

THE REDEVELOPMENT AGENCY OF THE CITY
REDLANDS

B&Z ENTERPRISES, A GENERAL PARTNERSHIP

Carole Desnick

Beneficiary

John E. Holmes

Owner

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

ATTEST:

Secretary

Diana Rogers

143. It is to the mutual benefit of the parties hereto that Lender make said additional loan to Beneficiary, and Beneficiary is willing that the deed of trust securing the same shall constitute a lien or charge upon said land of Beneficiary, and Beneficiary agrees that the deed of trust first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the additional loan above referred to, it is hereby declared, understood, and agreed as follows:

- (1) That said deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited as being secured thereby, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That Lender would not make its additional loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees, and acknowledges that

- (a) He consents to and approves (i) all provisions of the note evidencing said additional loan and the deed of trust securing same, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's additional loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes, and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited therein as being secured thereby, and understands that in reliance upon and in consideration of this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) SS

On this 12th day of May, 1988, before me, the undersigned Notary Public, personally appeared Carole Beswick and John E. Holmes, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as Chairman and Executive Director of the Redevelopment Agency of the City of Redlands and acknowledged to me that the Redevelopment Agency of the City of Redlands executed the within instrument.

AGREEMENT

THIS AGREEMENT is entered into this 30th day of May, 1989, by and between B-Z ENTERPRISES, a general partnership ("B-Z"), and THE REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS (the "Agency").

RECITALS:

A. B-Z has executed and delivered to the Agency a Note Secured By Deed of Trust dated March 2, 1988, in the face amount of Forty-Three Thousand Five Hundred Sixteen and 44/100 Dollars (\$43,516.44) (the "Note"). The Note has been endorsed by escrow as of March 11, 1988.

B. The Note provides for acceleration of the indebtedness represented thereby in the event the Maker thereof obtains permanent financing for the Site.

C. B-Z desires the Agency to waive the acceleration requirement set forth in the Note and to subordinate the lien of the Deed of Trust securing the Note to the deed of trust of new permanent financing in the amount of \$368,000.00. The Agency is willing to do so subject to certain terms and conditions as hereinafter set forth.

NOW, THEREFORE, the parties agree as follows:

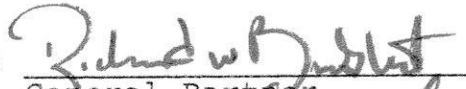
1. Promptly following the execution of this Agreement, the Agency shall execute and deliver to B-Z a Subordination Agreement in substantially the same form as that attached hereto as Exhibit "A".

2. The Agency agrees to waive its right to accelerate the indebtedness represented by the Note; provided, however, such waiver shall in no way be construed as a waiver of the future right of the Agency to accelerate indebtedness as set forth in the Note and/or to refuse any future request for subordination.

3. B-Z agrees to make quarterly interest-only payments in the amount of One Thousand Thirty-Three and 52/100 Dollars (\$1,033.52) in accordance with the Note and to pay all unpaid principal and accrued but unpaid interest on September 11, 1990, which date is thirty (30) months after the Commencement Date, as set forth in the Note.

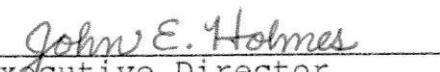
IN WITNESS WHEREOF the parties have executed this Agreement on the date first set forth above.

B-Z ENTERPRISES, a general partnership

By: 
General Partner

By: 
General Partner

REDEVELOPMENT AGENCY OF THE
CITY OF REDLANDS

By: 
Executive Director

By: 
Secretary

RECORDING REQUESTED BY:

Exhibit "A"

WHEN RECORDED MAIL TO:

THE BANK OF HEMET
P. O. Box 4301
Hemet, California, 92343
Attn: William Cole, Sr. V.P.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this 12th day of May, 19 89, by
B-Z ENTERPRISES, A GENERAL PARTNERSHIP

owner of the land hereinafter described and hereinafter referred to as "Owner," and
REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, B-Z ENTERPRISES, A GENERAL PARTNERSHIP
did on March 2, 1988, execute a deed of trust to REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS
as trustee, covering:

Parcel No. 1 of Parcel Map No. 11420, in the County of San Bernardino, State of California, as per Map
recorded in Book 125, Page 33 of Parcel Maps, in the Office of the County Recorder of said County.

to secure a note in the sum of \$43,516.44, dated March 2, 1988, in favor of
trust was recorded March 11, 1988, in book — page 88-074760, Official Records of said county and
is subject and subordinate to the deed of trust next hereinafter described; and

WHEREAS, B & Z ENTERPRISES, A GENERAL PARTNERSHIP
did on May 12, 1989, execute a deed of trust to S-KRO ENTERPRISES, INC., A CALIFORNIA CORPORATION
the amount of \$ 368,000.00, in favor of THE BANK OF HEMET, A CALIFORNIA CORPORATION
recorded concurrently herewith, in book — page —, Official Records of said county and provides
among other things that it shall also secure additional loans and advances thereafter made upon the terms and conditions therein set
forth; and

WHEREAS, Owner has executed, or is about to execute, a note in the amount of \$ 368,000.00, dated
May 12, 1989, in favor of Lender, payable with interest and upon the terms and conditions described therein, which
note evidences an additional loan to be made by Lender to Owner under the terms and provisions of, and secured by, said deed of
trust in favor of Lender; and

WHEREAS, it is a condition precedent to obtaining said additional loan that said deed of trust in favor of Lender, securing all
obligations recited therein as being secured thereby, including but not limited to said additional loan, shall unconditionally be and
remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust
first above mentioned; and

WHEREAS, Lender is willing to make said additional loan provided the deed of trust securing the same is a lien or charge upon said
land prior and superior to the lien or charge of the deed of trust first above mentioned and provided that Beneficiary will specifically
and unconditionally subordinate the lien or charge of the deed of trust first above mentioned to the lien or charge of said deed of trust

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make said additional loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge to the deed of trust first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the additional loan above referred to, it is hereby declared, understood, and agreed as follows:

- (1) That said deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited as being secured thereby, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That Lender would not make its additional loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees, and acknowledges that

- (a) He consents to and approves (i) all provisions of the note evidencing said additional loan and the deed of trust securing same, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's additional loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes, and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited therein as being secured thereby, and understands that in reliance upon and in consideration of this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

AKA B-Z ENTERPRISES, A GENERAL PARTNERSHIP
B & Z ENTERPRISES, A GENERAL PARTNERSHIP

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

By: Richard W. Burkhardt General Partner

By: _____ Title _____

By: _____ General Partner
Karen H. Burkhardt Beneficiary

By: _____ Owner Title _____

BY: THE ZDUNOWSKI FAMILY TRUST, General Partner

By: Gene Zdunowski, Trustee (ALL SIGNATURES MUST BE ACKNOWLEDGED)

By: Donna Doreen Zdunowski, Trustee

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

PALM SPRINGS
(619) 325-7264

RANCHO MIRAGE
(619) 568-2611

BEST, BEST & KRIEGER

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

LAWYERS

400 MISSION SQUARE
3750 UNIVERSITY AVENUE
POST OFFICE BOX 1028
RIVERSIDE, CALIFORNIA 92502
TELEPHONE (714) 686-1450
TELECOPIER (714) 686-3083



ONTARIO
(714) 989-8584

SAN DIEGO
(619) 457-4915

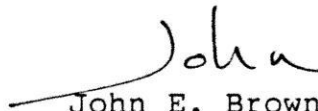
June 22, 1988

Norm McMenemy
Director
Redevelopment Agency
City of Redlands
P. O. Box 2090
Redlands, CA 92373

Dear Norm:

Enclosed for your files please find a copy of the recorded Subordination Agreement by and between the Redevelopment Agency of the City of Redlands and B&Z Enterprises.

Yours sincerely,


John E. Brown of
Best, Best & Krieger

JEB/ch
Enclosure

jeb299

88-074759

RECORDING REQUESTED BY:
COMMONWEALTH LAND TITLE CO.RECORDED IN
OFFICIAL RECORDS

1988 MAR 11 PM 3:26

SAN BERNARDINO
CO., CALIF.RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:Redevelopment Agency of the
City of Redlands
c/o John E. Brown, Esq.
Attorney for Agency
Best Best & Krieger
4200 Orange Street
Post Office Box 1028
Riverside, California 92501

MAIL TAX STATEMENTS TO:

B-Z Enterprises
1615 West Fern Avenue
Redlands, California 92373PROPERTY TRANSFER TAX \$ 64.35
Based on full value of property conveyed, or
based on full value less liens & encumbrances
existing thereon at time of sale.GRANT DEED

1FILE	2MSYS	3PCOR	4LNWT
17	14		
5 SVY	5 29 DTT		6 04
	64.35		H

COMMONWEALTH LAND TITLE CO.

Signature of declarant or agent determining tax - firm name

For valuable consideration, receipt of which is
hereby acknowledged,

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, a
public body, corporate and politic, of the State of
California, herein called "Grantor," acting to carry out the
Redevelopment Plan for the Redlands Redevelopment Project
(which plan is hereinafter referred to as the "Redevelopment
Plan") under the Community Redevelopment Law of California,
hereby grants to:

B-Z ENTERPRISES, a general partnership
as "Grantee," the real property (hereinafter referred to as
the "Property"), described on Attachment 1 hereto.

1. The Property is conveyed subject to the Redevelopment Plan and pursuant to a Disposition and Development Agreement dated June 16, 1987, (the "Agreement") entered into by and between Grantor and Grantee (herein called "Agreement") the provisions of which are incorporated herein by reference. The Property is conveyed further subject to all easements, rights-of-way, covenants, conditions, restrictions, reservations and all other matters of record.

2. The Grantee hereby covenants by and for itself, its representatives, successors and assigns and all persons claiming under or through it that during construction and thereafter the Grantee shall not use or permit the use of the Property for other than the uses specified in the Redevelopment Plan and the Agreement.

3. The Grantee hereby covenants by and for itself, its representatives, successors and assigns and all persons claiming under or through it to construct and maintain the improvements and landscaping on the Property in accordance with the provisions of the drawings and plans approved by the Grantor pursuant to the Agreement.

4. Prior to the issuance of a Certificate of Completion by the Grantor as provided in the Redevelopment Plan and the Agreement, the Grantee shall not, except as permitted by the Agreement, sell, transfer, convey, assign or lease the whole or any part of the Property without the prior written approval of the Grantor (other than as expressly permitted in the Agreement). This prohibition shall not apply subsequent to the issuance of a Certificate of Completion with respect to all of the completed improvements upon the Property.

5. Subject to the provisions hereinafter set forth, the Grantor shall have the additional right, at its option, to re-enter and take possession of the uncompleted Property with all improvements thereon, and to dispossess Grantee and all lessees (if any) and all those claiming by or through Grantee, and revert in the Grantor the estate conveyed to the Grantee, if after conveyance of title and prior to issuance of a Certificate of Completion for the Property, the Grantee (or its successors-in-interest or any such lessees) shall:

(a) Fail to commence or proceed with construction of improvements as required by the Agreement for a period of three (3) months after written notice to proceed from the Grantor; or

(b) Abandon or substantially suspend construction of the improvements for a period of three (3) months after written notice of such abandonment or suspension from the Grantor; or

(c) Transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of Paragraph 4 of this Grant Deed, and such violation shall not be cured within three (3) months after written demand by Grantor.

Such right to re-enter, repossess and revest shall be subordinate and subject to and be limited by and shall not defeat, render invalid, or limit:

(a) Any mortgage, deed of trust or other security instrument expressly permitted by the Agreement;

(b) Any rights or interests provided for the protection of the holders of such mortgages, deeds of trust or other security instruments, which rights or interests are consented to in writing by Grantor.

The rights established in this Paragraph 5 shall not apply to the Property after a Certificate of Completion for the Property has been issued as provided in the Agreement.

6. The Grantee covenants by and for itself, its representatives, successors and assigns and all persons claiming under or through it (including, without limitation, all lessees), that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any persons claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

All deeds, leases, or contracts made relative to the Property, improvements thereon, or any part thereof, shall contain or be subject to substantially the following nondiscrimination clauses:

(a) In deeds: "The grantee herein covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through

him, and this lease is made and accepted subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or

enjoyment of the land, nor shall the transferee himself or any person claiming under or through him establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

7. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument expressly permitted by the Agreement; provided, however, that any successor of Grantee to the Property or parcels thereof shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

8. All covenants contained in this Grant Deed shall run with the land and shall be binding for the benefit of the Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which such covenants shall be in force and

effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

9. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect until the termination date of the Redevelopment Plan or any extension thereof. Thereafter, the only uses authorized for the Property shall be those permitted by the City's General Plan, Specific Plan Redevelopment Plan and zoning ordinances. The covenants contained in Paragraphs 4 and 5 of this Grant Deed shall remain in effect until issuance of a Certificate of Completion for the Property from Grantor, and after such date shall terminate and be null and void.

The covenants contained in Paragraphs 6, 7 and 10 of this Grant Deed shall remain in effect in perpetuity.

10. The covenants contained in this Grant Deed, without regard to technical classification or designation, shall not benefit or be enforceable by any person, firm or corporation, public or private, except Grantor and its successors and assigns. Any amendments to the Redevelopment Plan which change the uses or development then permitted on the Property, or otherwise change any of the restrictions or controls that then apply to the Property, shall require the written consent of Grantee or the successors and assigns of Grantee in and to all or any part of the fee title to the Property; but any such amendment shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any holder, person or entity having any interest less than a fee in the Property.

11. In the event of any express conflict between this Grant Deed and the Agreement, the provisions of this Grant Deed shall control.

12. Grantee, its successors and assigns and all persons claiming under or through it (including, without limitation, all lessees) hereby covenants that the Property conveyed in this Grant Deed is to be developed into a commercial building suitable for office, retail and light industrial uses and complimentary commercial uses compatible

with the Redevelopment Plan, and which are approved by the Agency. Grantee further covenants to commence construction on the Property on or before the date specified in the Agreement. Should Grantee fail to commence construction by such date, the Property shall revert to and revest in Grantor, and all purchase money obligations and encumbrances upon the Property executed by Grantee (in accordance with the Agreement) and held by Grantor at the time of such reversion shall be discharged and reconveyed. The remainder, if any, of any cash payments paid by Grantee in cash shall be retained by Grantor.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed this 2nd day of March, 1988.

Dated: March 2, 1988

REDEVELOPMENT AGENCY OF THE
CITY OF REDLANDS

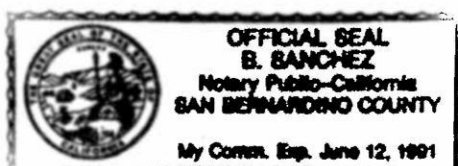
By: *Carole Beswick*

88-074759

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

On this 8th day of March, in the year 1988, before me, B. Sanchez, Notary Public, personally appeared CAROLE BESWICK, Chairman, TIM JOHNSON, Member, and LORRIE POYZER, Secretary, of the Redevelopment Agency of the City of Redlands and acknowledged to me that the Redevelopment Agency of the City of Redlands executed the within instrument.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



B. Sanchez
B. Sanchez
My Commission Expires 6/12/91

The provisions of this Grant Deed are hereby approved and accepted.

B-Z ENTERPRISES

Dated: March 10, 1988

By:

Richard Burkhart
RICHARD BURKHART
General Partner

Dated: March 10, 1988

By:

Gene Zdunowski
GENE ZDUNOWSKI
General Partner

STATE OF CALIFORNIA
COUNTY OF San Bernardino } SS.

On March 10, 1988

before me, the undersigned, a Notary Public in and for said County and State, personally appeared Richard Burkhart
and Gene Zdunowski

known to me
to be two of the partners of the partnership
that executed the within instrument, and acknowledged to me that
such partnership executed the same.

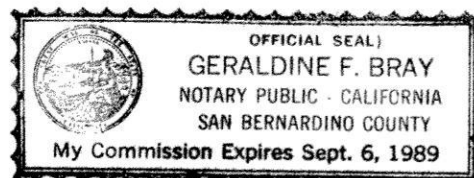
Signature

Geraldine F. Bray

88-074759



FOR NOTARY SEAL OR STAMP



ATTACHMENT 1

Parcel No. 1 of PARCEL MAP NO. 11420, in the City of Redlands,
County of San Bernardino, State of California, as per map
recorded in Book 125, Page 33 of parcel maps,
in the office of the Recorder of said county.

RECORDING REQUESTED BY:
COMMONWEALTH LAND TITLE CO.
WHEN RECORDED MAIL TO:
BEST BEST & KRIEGER
P.O. Box 1028
RIVERSIDE, CALIF. 92501
ATTN: JOHN E. BROWN, ESP.

1FEE	2MSYS	3PCOR	4LNNT
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		F	

RECORDED IN OFFICIAL RECORD
MAY 19 1988 AT 8:00 AM
SAN BERNARDINO COUNTY, CALI

88-157895

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this 10 day of MAY, 19 88, by B&Z ENTERPRISES, A GENERAL PARTNERSHIP

owner of the land hereinafter described and hereinafter referred to as "Owner," and THE REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, B&Z ENTERPRISES, A GENERAL PARTNERSHIP did on MARCH 2, 1988, execute a deed of trust to GUARDIAN EQUITIES, LTD., A CALIFORNIA CORPORATION, as trustee, covering:

PARCEL NO.1 OF PARCEL MAP NO. 11420 IN THE COUNTY OF SAN BERNARDINO STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 125, PAGE 33 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

to secure a note in the sum of \$ 43,516.44, dated MARCH 2, 1988, in favor of the REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, which deed of trust was recorded MARCH 11, 1988, in book instrument #88-074760 Official Records of said county and is subject and subordinate to the deed of trust next hereinafter described; and

WHEREAS, B&Z ENTERPRISES, A GENERAL PARTNERSHIP did on May 18, 1988, execute a deed of trust to S-KRO ENTERPRISES, INC. A CALIFORNIA CORPORATION, as trustee, covering said land and securing an indebtedness in the amount of \$ 368,000, in favor of THE BANK OF HEMET, hereinafter referred to as "Lender," which deed of trust was recorded CONCURRENTLY HERewith, in book page , Official Records of said county and provides among other things that it shall also secure additional loans and advances thereafter made upon the terms and conditions therein set forth; and

WHEREAS, Owner has executed, or is about to execute, a note in the amount of \$368,000, dated May 12, 1988, in favor of Lender, payable with interest and upon the terms and conditions described therein, which note evidences an additional loan to be made by Lender to Owner under the terms and provisions of, and secured by, said deed of trust in favor of Lender; and

WHEREAS, it is a condition precedent to obtaining said additional loan that said deed of trust in favor of Lender, securing all obligations recited therein as being secured thereby, including but not limited to said additional loan, shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust first above mentioned; and

WHEREAS, Lender is willing to make said additional loan provided the deed of trust securing the same is a lien or charge upon said land prior and superior to the lien or charge of the deed of trust first above mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the deed of trust first above mentioned to the lien or charge of said deed of trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make said additional loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge to the deed of trust first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the additional loan above referred to, it is hereby declared, understood, and agreed as follows:

- (1) That said deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited as being secured thereby, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That Lender would not make its additional loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees, and acknowledges that

- (a) He consents to and approves (i) all provisions of the note evidencing said additional loan and the deed of trust securing same, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's additional loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes, and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited therein as being secured thereby, and understands that in reliance upon and in consideration of this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

THE REDEVELOPMENT AGENCY OF THE CITY
REDLANDS

Carole Desurmont

Beneficiary

John E. Holmes

ATTEST:

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

Secretary

B&Z ENTERPRISES, A GENERAL PARTNERSHIP

By: *Richard W. Burkhardt, Jr.*
Richard W. Burkhardt, Jr., Partner

By: *Karen H. Burkhardt*
Karen H. Burkhardt, Partner

By: *Donna Doreen Zdunowski*
Donna Doreen Zdunowski
Gene Zdunowski
Gene Zdunowski,

Trustees of the Zdunowski Family
Trust, Partner

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

(CLTA SUBORDINATION FORM "C")

Staple

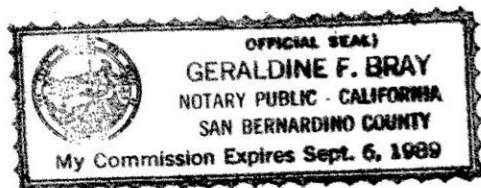
SS.

ty
he

Staple

Geraldine F Bray

FOR NOTARY SEAL OR STAMP



5

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

THE BANK OF HEMET
P. O. Box 4301
Hemet, California, 92343
Attn: William Cole, Sr. V.P.

*Originals picked
up by D. Burkhat
& hand carried
to bank.*

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this 12th day of May, 19 89, by
B-Z ENTERPRISES, A GENERAL PARTNERSHIP

owner of the land hereinafter described and hereinafter referred to as "Owner," and
REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, B-Z ENTERPRISES, A GENERAL PARTNERSHIP
did on March 2, 1988, execute a deed of trust to REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS
, as trustee, covering:

Parcel No. 1 of Parcel Map No. 11420, in the County of San Bernardino, State of California, as per Map
recorded in Book 125, Page 33 of Parcel Maps, in the Office of the County Recorder of said County.

to secure a note in the sum of \$43,516.44, dated March 2, 1988, in favor of
trust was recorded March 11, 1988, in book — page 88-074760, Official Records of said county and
is subject and subordinate to the deed of trust next hereinafter described; and

WHEREAS, B & Z ENTERPRISES, A GENERAL PARTNERSHIP
did on May 12, 1989, execute a deed of trust to S-KRO ENTERPRISES, INC., A CALIFORNIA CORPORATION
the amount of \$ 368,000.00, in favor of THE BANK OF HEMET, A CALIFORNIA CORPORATION
recorded concurrently herewith, in book — page —, Official Records of said county and provides
among other things that it shall also secure additional loans and advances thereafter made upon the terms and conditions therein set
forth; and

WHEREAS, Owner has executed, or is about to execute, a note in the amount of \$ 368,000.00, dated
May 12, 1989, in favor of Lender, payable with interest and upon the terms and conditions described therein, which
note evidences an additional loan to be made by Lender to Owner under the terms and provisions of, and secured by, said deed of
trust in favor of Lender; and

WHEREAS, it is a condition precedent to obtaining said additional loan that said deed of trust in favor of Lender, securing all
obligations recited therein as being secured thereby, including but not limited to said additional loan, shall unconditionally be and
remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust
first above mentioned; and

WHEREAS, Lender is willing to make said additional loan provided the deed of trust securing the same is a lien or charge upon said
land prior and superior to the lien or charge of the deed of trust first above mentioned and provided that Beneficiary will specifically
and unconditionally subordinate the lien or charge of the deed of trust first above mentioned to the lien or charge of said deed of trust
in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make said additional loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge to the deed of trust first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the additional loan above referred to, it is hereby declared, understood, and agreed as follows:

- (1) That said deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited as being secured thereby, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That Lender would not make its additional loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees, and acknowledges that

- (a) He consents to and approves (i) all provisions of the note evidencing said additional loan and the deed of trust securing same, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's additional loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes, and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender, as to said additional loan as well as all other obligations recited therein as being secured thereby, and understands that in reliance upon and in consideration of this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

AKA B-Z ENTERPRISES, A GENERAL PARTNERSHIP
B & Z ENTERPRISES, A GENERAL PARTNERSHIP

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

By: Richard W. Burkhardt General Partner

By: John E. Holmes Executive Director Title

By: Karen H. Burkhardt General Partner
Beneficiary

By: David Gager Secretary Owner Title

BY: THE ZDUNOWSKI FAMILY TRUST, General Partner

By: Gene Zdunowski, Trustee (ALL SIGNATURES MUST BE ACKNOWLEDGED)

By: Donna Doreen Zdunowski, Trustee

_____, in the year 1989,
ic, personally appeared _____
/zer_____, personally known to me (or
factory evidence) to the person (s)
as Executive Director
Redevelopment Agency of the City of
at the Redevelopment Agency of the
in instrument.

my hand and official seal.

B. Sanchez
B. SANCHEZ
My Commission Expires 6/12/91